ANNUAL BUDGET OF
JOE MOROLONG LOCAL MUNICIPALITY

JOE MOROLONG
LOCAL MUNICIPALITY

(NC 451)

2018/19 TO 2020/21
MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

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Glossary

Adjustments Budget – Prescribed in section 28 of the MFMA. The formal means by which a municipality may revise its annual budget during the year.

Allocations – Money received from Provincial or National Government or other municipalities

AFS- Annual Financial Statements

Budget – The financial plan of the Municipality

Budget Related Policy – Policy of a municipality affecting or affected by the budget, examples include tariff policy, rates policy and credit control and debt collection policy

Capital Expenditure - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's Statement of Financial Performance

Cash Flow Statement – A statement showing when actual cash will be received and spent by the Municipality. Cash payments do not always coincide with budgeted expenditure timings. For example, when an invoice is received by the Municipality it is shown as expenditure in the month it is received, even though it may not be paid in the same period

CFO - Chief Financial Officer

DORA – Division of Revenue Act. Annual legislation that shows the total allocations made by national to provincial and local government

Equitable Share – A general grant paid to municipalities. It is predominantly targeted to help with free basic services

Fruitless and wasteful expenditure – Expenditure that was made in vain and would have been avoided had reasonable care been exercised

GFS – Government Finance Statistics. An internationally recognised classification system that facilitates like for like comparison between municipalities

GRAP – Generally Recognised Accounting Practice. The new standard for municipal accounting and basis upon which AFS are prepared.

IDP – Integrated Development Plan. The main strategic planning document of the Municipality

KPI's – Key Performance Indicators. Measures of service output and/or outcome

MFMA – The Municipal Finance Management Act – No. 53 of 2003. The principle piece of legislation relating to municipal financial management.

MTREF – Medium Term Revenue and Expenditure Framework. A medium term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations. Also includes details of the previous three years and current years' financial position

NT – National Treasury

Operating Expenditure – Spending on the day to day expenses of the Municipality such as salaries and wages

Rates – Local Government tax based on the assessed value of a property. To determine the rates payable, the assessed rateable value is multiplied by the rate in the rand

R&M – Repairs and maintenance on property, plant and equipment

SCM – Supply Chain Management

SDBIP – Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

Unauthorised expenditure – Generally, spending without, or in excess of, an approved budget

Vote means one of the main segment into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and which specifies the total amount that is appropriated for the purpose of the department or functional area concerned.

Zero Based Budgeting means as opposed to incremental budgeting, zero-based budgeting means that each year's budget is drawn up independently from that if the previous year. This means that items are not included simply because they were in the previous budget. Each item has to be justified and motivated for and the purpose of each item is considered. All items in the capital are treated on a "zero-basis"

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PART 1

MAYOR'S REPORT

Honorable Speaker,
Members of the Executive Committee,
Councilors,
Our Traditional Leaders,
Municipal Manager,
Senior Managers,
Guests,
Ladies and Gentlemen,
Good day to you all.

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Thank you for the opportunity to present the Annual Budget for the 2018/19 financial year. As mandated by the electorate, we have to acknowledge the progress we have made to close gaps of poverty, employment and inequality.

Honorable Speaker this year, we celebrate the 100th anniversary of the birth of one of the greatest leaders this country, this continent and the world has known – Isithwalandwe, Seaparankwe Nelson Rolihlahla Mandela. We shall renew our focus on comrade Mandela's vision of a non-racial society in which the social and economic barriers that have separated black from white are torn down. We shall redouble our efforts to build a society in which black poverty and white privilege are consigned to the past, replaced by respect, solidarity and non-racial equality.

We shall place at the top of our agenda Madiba's vision of a non-sexist society in which the oppression and exploitation of women – whether in the workplace, in communities or in the home – is eradicated. We will work to ensure we achieve comprehensive development of women in all spheres of life so as to ensure that there is equality between women and men.

We shall work to rekindle Madiba's vision of a democratic society in which all citizens have equal opportunity to determine their own destiny. We shall achieve this not only

through strengthening the instruments of representative and participatory democracy; but also by ensuring that people have economic opportunities and the ability to make choices about their own lives. We shall work to strengthen organs of civil society, including street committees and other community-based organisations, understanding that they provide the means through which people can participate fully in changing their lives for the better.

Honorable Speaker

The Municipality should help contribute towards meeting the targets set by the NDP of creating 11 million jobs by 2030 through facilitation of small and medium sized enterprises that will create a greater portion of job opportunities. We should discourage this silo mentality of business people working selfishly so that they can grow and uplift one another.

This Draft Budget will update the Council and the community of Joe Morolong Local Municipality about the revenue, expenditure and the projections for the next fiscal year.

Speaker

Due to economic down-turn, this Draft Budget does not come near to solving our challenges. However, we are, without any doubt, acutely aware of the enormous responsibility facing us to continue unwaveringly with our quest to ensure that the ideals of a free and democratic society are upheld. Much still needs to be done and significant challenges are still facing us, but our pledge to our citizens is that we will not divert from our course towards a better life for all.

Management of Joe Morolong Local Municipality has a significant role to play in strengthening the link between the citizen and government's overall priorities and spending plans. The goal should be to enhance service delivery aimed at improving the quality of life for all people within Joe Morolong.

Budgeting is primarily about the choices that the Municipality has to make between competing priorities and fiscal realities. The challenge is to do more with the available resources. We need to remain focused on the effective delivery of the core municipal services through the application of efficient and effective service delivery mechanisms.

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality

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remains financially viable and that sustainable municipal services are provided economically and equitably to all communities.

Honorable Speaker, the allocation we are setting aside for capital expenditure underscores our commitment to accelerating service delivery through efficient and good governance.

FOCUS OF THE 2018/19 BUDGET

- With the 2018/19 budget, emphasis is placed on the core service delivery obligations assigned to the municipality in the constitution.
- Maintenance and renewal of existing infrastructure should enjoy preference and we are focusing on preventative and scheduled maintenance preceded by proper planning processes.
- Innovative service delivery mechanisms such as the building of internal capacity to get more value for budget allocations.
- Provision of much needed infrastructure to ensure the economic progression of our communities
- Provision of basic services, improvement of the quality infrastructures well as sustainable service delivery.

Total revenue has increase to R301 million for the 2018/19 financial year when compared to the 2017/18 Adjustments Budget R289 million. The R301 million consist of R55 million from own revenue and R250 million from Grants of which is 82% of total revenue.

Total operating expenditure for the 2018/19 financial year has been appropriated at R 174 million. When compared to the 2017/18 Adjustments Budget, operational expenditure has increased by R 6 million in the 2018/19 budget and will increase by R 15 million and R 14 million for each of the respective outer years of the MTREF.

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CAPITAL BUDGET

For 2018/19 an amount of R 120 million has been budgeted for capital expenditure, decreases to R 112.9million in 2019/20 and increase to R172.1 million in 2020/21.
For 2018/19 financial year water receives the highest allocation of R 85.6 million, which represent 70.4 per cent followed by roads at R 15.4 million (12.6 per cent), waste water management at R 12.9 million(10.6 per cent) and 6 per cent for other capital projects

Total budget for capital expenditure amount to R121 million.
The capital budget for the 2018/19 financial year amounts to R 121 Million with the main focus on the following:

❖ Provision of water	R 85.6 Million
❖ Roads	R 15.4 Million
❖ Sanitation	R 12.9 Million
❖ Community Halls	R 3.0 Million
❖ Cemeteries	R 1.5 Million
❖ Computers, Offices Equipment & Other	R 0.8 Million
❖ Municipal Office Fencing	R 0.5 million
❖ Building	R 0.1 million
❖ Lawnmower	R 0.4 million
❖ Soft wares	R 0.4 million

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Capital projects for the 2018/19 financial year are funded from grants receivable from the National Government amounting to R 113.9 Million and own funding to the amount of R 6.6 Million

IN CONCLUSION

The Annual Budget we are approving here today is another step closer in attaining the strategic goals of the Municipality which includes amongst others, institutional development and transformation, service delivery to all our communities, the financial viability and sustainability of the Municipality as well as good administration and public participation.

Thank you to the Municipal Manager who I believe has done an excellent job in leading the administration in the direction we both wish to move in and to the Directors and staff for their continued hard work in delivering services in line with the Municipality's vision of "A wealthy and prosperous local community with equal access to basic services and sustainable development opportunities".

I would like to thank Councillors who have a difficult task of balancing community expectation with limited resources.

I THANK YOU
Cllr DD Leutlwetse
MAYOR

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Council's Budget Resolution

- Council of Joe Morolong Local Municipality, acting in terms of section 24 of the Municipality Finance Management Act: Act 56 of 2003, approves and adopt the Annual Budget for 2018/19 financial year and single-year capital appropriations as set-out in the core table contained in the bound budget document with effect from the 1 July 2018.

    - ✓ Table A2: Budgeted Financial Performance (expenditure by standard classification)
    - ✓ Table A3: Budgeted Financial Performance (expenditure by municipal vote)
    - ✓ Table A4: Budgeted Financial Performance (revenue by source)
    - ✓ Table A5: Budgeted Capital Expenditure for both multi-year and single year appropriations by vote, standard classification and funding

- The council also, acting in terms of Section 75A of the municipality System Act, Act 32 of 2000, adopted with effect from 1 July 2018.
    1. Tariffs for property rates, electricity, water supply, sanitation services and solid waste services and tariffs for other services.
    2. And the Council of Joe Morolong approved cash backing implemented through the utilisation of bulk services fees and portion of revenue generated from property rates to ensure cash backing for unspent conditional grants for effectiveness to the Municipal budget as required by the legal prescripts, Section 8 of the municipality Budget and Reporting Regulations.

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BUDGET RELATED POLICIES TABLED TO COUNCIL ALONG-SIDE WITH THE BUDGET:

1) Property Rates Policy
2) Banking and Investment Policy
3) Budget, Funding, Reserves & Virement Policy
4) Credit Control and Debt Collection Policy
5) Fixed Assets Policy
6) Indigent Policy
7) Risk Management Policy
8) Supply Chain Management Policy
9) Tariffs Policy
10) Fruitless and Wasteful Expenditure Policy
11) Cash Shortage Policy
12) Bad Debt Write Off Policy
13) Asset Management Policy
14) Petty Cash Policy
15)Infrastructure Procurement and Delivery Management Policy
16)Cost containment Policy

BUDGET RESOLUTION: 228/2017/18

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1.1 Executive Summary

The application of sound financial management principles for the compilation of the municipality's financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all members of communities.

The municipality's service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on "nice to have" items in order to save money and improve service delivery.

- **National Treasury's MFMA Circular Nos. 67, 70, 78, 79, 90 and 91 were used to guide the compilation of the 2018/19 MTREF.**

- **The main challenges experienced during the compilation of the 2018/19 MTREF can be summarized as follows:**

  - The need to reprioritize projects and expenditure within the existing resource envelope given the cash flow realities and cash position of the municipality;
  - The municipality's inability to generate enough own revenue to assist the infrastructure challenges in our communities.
  - Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
  - Affordability of capital projects

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- **The following budget principles and guidelines directly informed the compilation of the 2018/19 MTREF:**

  - The 2017/18 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2018/19 draft budget
  - The budget was prepared on a zero base principle and some of the operational expenses such as some contracted service and fuel expenses were prepared based on the 2017/18 financial year performance.
  - Intermediate service level standards were used to inform the, targets and backlog eradication goals;
  - Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs. For the next financial year, tariffs and property rates have been increased and there are separate tariffs and rates applicable to municipality; being the one for businesses and the other for residential.
  - Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
  - There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

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In view of the aforementioned, the following table is a consolidated overview of the 2018/19 Medium-term Revenue and Expenditure Framework:

Table 1 Overview of the 2018/19 MTREF

DESCRIPTION	Adjustment Budget	Budget Year	Budget Year +1	Budget Year +2
	2017/18	2018/19	2019/20	2020/21
	R '000	R '000	R '000	R '000
Total Revenue	289,323	300,626	308,432	381,881
Total Operating Expenditure	174,710	178,437	193,590	207,526
(Surplus)/Deficit for the year	114,613	122,188	114,842	174,355
Total Capital Expenditure	114,613	120,534	112,910	172,182

Total operating revenue has increase by R 1 million for the 2018/19 financial year when compared to the 2017/18 Adjustments Budget this is as result of growth in capital grants (WSIG). For the two outer years, operational revenue will increase by R8 million and then increase by R 74 million respectively.

Total operating expenditure for the 2018/19 financial year has been appropriated at R 174 710 million with no budgeted surplus. When compared to the 2017/18 Adjustments Budget, operational expenditure has increased by R 10 million in the 2018/19 budget and will increase by R 16 million and R 14 million for each of the respective outer years of the MTREF. These surpluses will be used to fund capital expenditure and to further ensure cash backing of reserves and funds.

The capital budget of R 120 million for 2018/19 has increased by R5.8 million when compared to the 2017/18 Adjustment Budget. The capital programme increases to R112.8 million in the 2019/20 financial year and R172.0 million in 2020/21. The capital budget will be funded from government grants and internally generated funds (surplus) over MTREF.

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1.2. Operating Revenue Framework

For Joe Morolong local Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough

economic times strong revenue management is fundamental to the financial sustainability of every municipality.

The reality is that we are faced with development backlogs, poverty and high unemployment.

The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is to be built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 95 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Trading services are fully cost-reflective and ring-fenced;
- Determining the tariff escalation rate by calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of subsidised services; and
- Tariff policies of the municipality.

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The following table is a summary of the 2018/19 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

NC451 Joe Morolong - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue By Source											
Property rates	2	12,134	10,418	24,967	13,054	29,848	29,848	–	26,623	28,087	29,632
Service charges - electricity revenue	2	4,547	5,259	4,584	6,072	3,719	3,719	–	4,734	6,026	7,670
Service charges - water revenue	2	13,571	22,823	10,001	16,712	11,712	11,712	–	12,321	12,999	13,714
Service charges - sanitation revenue	2	1,557	1,887	1,935	1,951	1,951	1,951	–	2,103	2,218	2,340
Service charges - refuse revenue	2	868	976	1,078	1,000	1,000	1,000	–	1,211	1,277	1,347
Service charges - other											
Rental of facilities and equipment		74	62	171	263	102	102		136	144	151
Interest earned - external investments		1,155	2,706	2,042		847	847		1,000	1,055	1,113
Interest earned - outstanding debtors		4,583	7,337	11,011	55	6,619	6,619				
Dividends received		–				–	–				
Fines, penalties and forfeits		–				–	–				
Licences and permits		–				–	–				
Agency services		–			90	–	–		10	11	11
Transfers and subsidies		195,240	115,279	114,115	129,439	128,689	128,689		133,787	144,083	154,410
Other revenue	2	751	2,989	1,639	554	1,828	1,828	–	2,378	2,509	2,647
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		**234,481**	**169,736**	**171,542**	**169,188**	**186,316**	**186,316**	–	**184,302**	**198,408**	**213,035**

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

The municipality's revenue from operating grants and transfers totals R184 million in 2018/19 and steadily increases to R198 million by 2019/20 and increases to R213 by 2020/21 of total revenue of municipality generated from grants, the revenue from operating grants form a significant percentage of the revenue basket for the Joe Morolong Local Municipality. The increase in property rates revenue is anticipated in relation to the updated valuation roll, whereby there are additional mining development in the area. In terms of services charges, mainly water, the municipality is busy installing the meters in all government sector departments (e.g. schools, clinics, etc.) where they have been receiving water for free. The Municipality has decided to install prepaid meter for all new water projects that they undertake in order to ensure that payment is received for water usage.

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The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 3 Operating Transfers and Grant Receipts

NC451 Joe Morolong - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		105,789	142,694	117,851	124,748	123,998	123,998	132,297	142,445	154,922
Local Government Equitable Share		93,255	115,253	115,068	121,603	121,603	121,603	128,635	139,765	149,890
Water Services Operating Subsidy		10,000	22,500			–	–			
Finance Management		1,600	1,675	1,742	2,145	2,145	2,145	2,215	2,680	3,112
Municipal Systems Improvement		934	930		1,000	250	250			
EPWP Incentive			2,336	1,041		–	–	1,447		
Integrated National Electrification Programme										1,920
Other transfers/grants [insert description]										
Provincial Government:		969	371	11,485	1,638	1,638	1,638	1,490	1,638	1,408
Sport and Recreation		969	371	1,870	1,638	1,638	1,638	1,490	1,638	1,408
Housing				9,615						
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]										
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]										
Total Operating Transfers and Grants	5	106,758	143,065	129,336	126,386	125,636	125,636	133,787	144,083	154,410

1.2.1. Operational revenue assumptions – tariffs

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the municipality

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of both Eskom and Sedibeng Water bulk tariffs are far beyond the mentioned inflation target. The tariff increases determined by the municipality are subject to the Regulator approval in the case of electricity. Discounting the impact of these price increases in lower consumer tariffs will erode the municipality's future financial position and viability.

It must also be appreciated that the consumer price index, unless the sentence refers to inflation, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is the determination of the cost of supply and managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions.

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1.2.2. Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of all residential properties and of all properties used for multiple purposes, provided one or more components of such properties are used for residential purposes, is exempt from the payment of rates in terms of Section 17(1)(h) of the Property Rates Act.
- 100% rebate will granted to registered indigents in terms of the Indigent Policy The justification of the doubling of the property rates revenue would enable users to understand the rationale behind 100% increase. The inclusion of Blackrock, supplementary roll and any other relevant factor. The anticipated conversion of agricultural tariffs to business in the case of mines that that were previously agricultural farms.

Table 4 Comparison of rates to be levied for the 2018/19 financial year

A tariff increase of 7 percent for property rates from 1 July 2018 is tabled(proposed) to council.

Category	Current Tariff (from 01 July 2017)	Approved Tariff (from 01 July 2018)
	c	c
Residential properties	0.00936	0.01002
State owned properties	0.01714	0.01834
Business & Commercial	0.01897	0.02030
Agricultural	0.00936	0.01002
Industrial	0.01897	0.02030
Mines	0.01897	0.02030

1.2.3 Sales of Water and Impact of Tariff Increases

South Africa in general faces similar challenges with regard to water supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of water infrastructure, water networks and the operational cost
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

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The water A tariff increase of 5.2 per cent as from 1 July 2018 is proposed. In addition, 6kl of water per 30-day period will again be granted for free to all the registered indigents.

Table 5 Approved Water Tariffs

Category	Current Tariffs 2017/18	Approved Tariffs 2018/19
Residential	**Rand per l**	**Rand per kl**
0 – 10 k/l	5.75	6.05
10 – 20 k/l	7.18	7.56
> 20 k/l	13.73	14.44
Business		
0 – 10 k/l	14.37	15.12
10 – 20 k/l	18.59	19.55
> 20 k/l	25.36	26.68

Industrial		
0 – 10 k/l	46.29	42.34
10 – 20 k/l	59.51	54.44
> 20 k/l	85.96	78.64

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1.2.4. Sanitation and Impact of Tariff Increase

A tariff increase of 7 percent for sanitation from 1 July 2018 is proposed.

Table 6 Comparison between current sanitation charges and increases

Categories	Current Tariffs 2017/18	Approved Tariffs 2018/19
Residential		
Availability charge	69.47	74.34
Basic charge	69.47	74.34
Charge per Toilet	96.09	102.82
Business		
Availability charge	79.86	85.45
Basic charge	79.86	85.45
Charge per Toilet	171.41	183.41

1.2.5 Refuse and Impact of Tariff Increases

A tariff increase of 6 percent for refuse from 1 July 2018 proposed.

Table 7 Comparison between current refuse charges and increases

Categories	Current Tariffs 2017/18	Approved Tariffs 2018/19
Van Zylsrus		
Residential	27.92	29.87
Business (per container)	57.94	62.00
Hotazel		
Availability charge	47.66	50.99
Basic charge	47.66	50.99
Basic removal charge	140.63	150.48

1.2.6 Electricity and impact of Tariff Increases

A tariff increase of 7.32% percent for electricity from 1 July 2018 is proposed as recommended by NERSA in MFMA Circular no: 91.

Table 8 Comparison between current electricity charges and increases

Categories	Current Tariffs 2017/18	Approved Tariffs 2018/19
Hotazel		
Availability charge	104.14	111.76
Single Phased pre-paid		-
-basic charge	89.37	95.92
-per kwh	1.65	1.77
Three phased pre-paid		-
-basic charge	130.16	139.69
-per kwh	2.00	2.14
Normal metered		-
-basic charge	130.16	139.69
-per kwh	1.65	1.77

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The tariffs for 2018/19 MTREF are based on the following assumptions:

- That the demand for services is expected to increase due to incorporation of a township into the municipality's jurisdiction, meaning that consumers will consume at a higher level compared to the previous period.
- That the paying customers will continue paying for their services and those who cannot afford will register as indigents and benefit from free basic services.
- That credit control policy will be applied to prevent customers from accumulating debt.
- That the indigents who consume more that the approved quantum will be disconnected from services in line with the credit control policy until acceptable arrangements/payments are made.
- That the municipality will take a conservative approach on tariff hike taking into account affordability and inflation.
- That no surcharges will be implemented for the 2018/19 financial year.

- That consumers will continue to switch over from post-paid to prepaid electricity metering
- That the municipality will subsidize the indigent for the first 6kl of water and 50kwh of electricity.
- That the average tariff increases will be as affordable as possible.

1.2.7 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to between 5.2 per cent and 7.32 per cent.

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Table 9– Table SA14 Household bills

NC451 Joe Morolong - Supporting Table SA14
Household bills

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
Rand/cent		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19 % incr.	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		99.84	106.83	113.24	120.03	120.03	120.03	7.0%	127.23	127.23	127.23
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy											
Water: Consumption		1,811.91	2,011.22	2,252.57	2,522.87	2,522.87	2,522.87	5.2%	2,825.62	2,825.62	2,825.62
Sanitation		332.89	356.19	377.56	400.22	400.22	400.22	5.2%	400.22	400.22	400.22
Refuse removal		175.22	187.49	198.73	210.66	210.66	210.66	5.2%	210.66	210.66	210.66
Other											
sub-total		2,419.86	2,661.73	2,942.10	3,253.78	3,253.78	3,253.78	9.5%	3,563.73	3,563.73	3,563.73
VAT on Services											
Total large household bill:		2,419.86	2,661.73	2,942.10	3,253.78	3,253.78	3,253.78	9.5%	3,563.73	3,563.73	3,563.73
% increase/-decrease			10.0%	10.5%	10.6%	–	–		9.5%	–	–
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		57.17	61.17	64.84	68.73	68.73	68.73	7.0%	72.86	72.86	72.86
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy											
Water: Consumption		501.76	556.95	623.79	698.64	698.64	698.64	5.2%	782.48	782.48	782.48
Sanitation		–	–	–	–	–	–		–	–	–
Refuse removal		24.50	26.22	27.79	29.46	29.46	29.46	5.2%	29.46	29.46	29.46
Other											
sub-total		583.43	644.34	716.42	796.83	796.83	796.83	11.0%	884.79	884.79	884.79
VAT on Services											
Total small household bill:		583.43	644.34	716.42	796.83	796.83	796.83	11.0%	884.79	884.79	884.79
% increase/-decrease			10.4%	11.2%	11.2%	–	–		11.0%	–	–
				0.07	0.00	-1.00	-				
Monthly Account for Household - 'Indigent' Household receiving free basic services	3										
Rates and services charges:											
Property rates		57.00	63.95	70.09	76.82	76.82	76.82	9.6%	84.20	84.20	84.20
Electricity: Basic levy		–			–						
Electricity: Consumption		4.06	4.51	5.05	5.65	5.65	5.65	12.0%	6.33	6.33	6.33
Water: Basic levy		53.12	56.84	60.25	63.86	63.86	63.86	6.0%	67.70	67.70	67.70
Water: Consumption		21.50	23.01	24.39	25.85	25.85	25.85	6.0%	27.40	27.40	27.40
Sanitation											
Refuse removal											
Other											
sub-total		135.68	148.30	159.77	172.19	172.19	172.19	7.8%	185.62	185.62	185.62
VAT on Services								15.0%			
Total small household bill:		135.68	148.30	159.77	172.19	172.19	172.19	7.8%	185.62	185.62	185.62
% increase/-decrease			9.3%	7.7%	7.8%	–	–		7.8%	–	–

1.3 Operating Expenditure Framework

The Municipality's expenditure framework for the 2018/19 budget and MTREF is informed by the following:

- Budgetary constraints (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- Funding compliance Budget Circular 42
- Operational gains and efficiencies will be directed to funding repairs and maintenance;
- Strict adherences to the principle of no project plan *no budget*. If there is no business plan no funding allocation can be made.

The following table is a high-level summary of the 2018/19 budget and MTREF (classified per main type of operating expenditure):

Table 10 Summary of operating expenditure by standard classification item

NC451 Joe Morolong - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue By Source											
diture By Type											
Employee related costs	2	47,464	59,323	65,440	55,785	59,183	59,183	–	67,354	72,100	76,968
Remuneration of councillors		8,531	8,692	9,253	10,423	10,423	10,423		11,104	11,914	12,784
Debt impairment	3	(59,839)	59		3,092	3,092	3,092		20,087	21,299	22,560
Depreciation & asset impairment	2	26,491	57,118	15,271	10,000	10,000	10,000	–	13,001	17,748	20,877
Finance charges		202	3,664	3,057	784	656	656		269	284	300
Bulk purchases	2	–	10,095	11,018	12,340	13,340	13,340	–	13,716	14,471	15,267
Other materials	8			1,953							
Contracted services		466	12,316	37,562	21,167	25,099	25,099	–	8,950	9,442	9,962
Transfers and subsidies		18,379	60,604	25,225	5,143	4,043	4,043	–	4,215	4,447	4,691
Other expenditure	4, 5	48,457	34,405	28,339	42,348	48,876	48,876	–	39,741	41,886	44,118
Loss on disposal of PPE											
Total Expenditure		90,151	246,276	197,118	161,082	174,710	174,710	–	178,438	193,591	207,526

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The budgeted allocation for employee related costs for the 2018/19 financial year totals R67 million. The previous year's collective SALGBC wage increase averaged above inflation. Salary increases and the new vacant posts have been factored into this budget at 7.0 per cent increase for the 2018/19 financial year. An annual increase of 7.0 per cent has been included in the two outer years of the MTREF.

The cost associated with the remuneration of Councilors is determined by the Minister of Cooperative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the municipality's budget.

The provision of debt impairment was determined based on an annual collection rate of 65 percent and the Debt Write-off Policy of the municipality.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges which is R269 thousands for 2018/19 and increases to R284 thousands by 2019/20.

Bulk purchases are directly informed by the purchase of electricity from Eskom and bulk water from Sedibeng Water. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Other expenditure comprises of various line items relating to the daily operations of the municipality including repairs and maintenance. This group of expenditure has also been investigated as a possible avenue where savings and efficiencies can be achieved but the cost under these items are relatively fixed due to the fact that we were already very conservative when compiling the budget, growth has been limited to average increase of 5.2 per cent for 2018/19 unless there was a specific reason for such line item to be more than inflation.

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1.3.1 Repairs and Maintenance

Table 11 Repairs and Maintenance per asset class

NC451 Joe Morolong - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		7,145	27,577	1,052	4,054	5,282	5,282	3,250	3,922	4,256
Roads Infrastructure		314	–	–	200	300	300	100	106	111
Roads		314			200	300	300	100	106	111
Road Structures										
Road Furniture										
Capital Spares										
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		–	189	189	492	492	492	100	600	750
Power Plants			189	189	492	492	492	100	600	750
HV Substations										
HV Switching Station										
HV Transmission Conductors										
MV Substations										
MV Switching Stations										
MV Networks										
LV Networks										
Capital Spares										
Water Supply Infrastructure		1,693	27,260	857	3,056	4,230	4,230	2,950	3,111	3,283
Dams and Weirs										
Boreholes				857						
Reservoirs										
Pump Stations										
Water Treatment Works					450	350	350	300	316	334
Bulk Mains		1,693	27,260		106	100	100	250	264	278
Distribution										
Distribution Points										
PRV Stations										
Capital Spares					2,500	3,780	3,780	2,400	2,532	2,671
Sanitation Infrastructure		84	129	6	106	90	90	50	53	56
Pump Station										
Reticulation										
Waste Water Treatment Works		84	129	6	106	90	90	50	53	56
Outfall Sewers										
Toilet Facilities										
Capital Spares										
Solid Waste Infrastructure		5,053	–	–	200	170	170	50	53	56
Landfill Sites		5,053			200	170	170	50	53	56
Waste Transfer Stations										
Waste Processing Facilities										
Waste Drop-off Points										
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares										
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Rail Lines										
Rail Structures										
Rail Furniture										
Drainage Collection										

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Storm water Conveyance									
Attenuation									
MV Substations									
LV Networks									
Capital Spares									
Coastal Infrastructure	–	–	–	–	–	–	–	–	–
Sand Pumps									
Piers									
Revetments									
Promenades									
Capital Spares									
Information and Communication Infrastructure	–	–	–	–	–	–	–	–	–
Data Centres									
Core Layers									
Distribution Layers									
Capital Spares									
Community Assets	**2**	**918**	**0**	**500**	**485**	**485**	**440**	**464**	**490**
Community Facilities	1	917	–	350	455	455	290	306	323
Halls	1	917		150	150	150	130	137	145
Centres									
Crèches									
Clinics/Care Centres									
Fire/Ambulance Stations				50	50	50	60	63	67
Testing Stations									
Museums									
Galleries									
Theatres									
Libraries									
Cemeteries/Crematoria									
Police									
Parks									
Public Open Space									
Nature Reserves				150	255	255	100	106	111
Public Ablution Facilities									
Markets									
Stalls									
Abattoirs									
Airports									
Taxi Ranks/Bus Terminals									
Capital Spares									
Sport and Recreation Facilities	0	1	0	150	30	30	150	158	167
Indoor Facilities									
Outdoor Facilities	0	1	0	150	30	30	150	158	167
Capital Spares									
Heritage assets	1	1	1	1	1	1	1	1	1
Monuments	–	–	–	–	–	–	–	–	–
Historic Buildings									
Works of Art									
Conservation Areas									
Other Heritage									
Investment properties	–	–	–	–	–	–	–	–	–
Revenue Generating	–	–	–	–	–	–	–	–	–
Improved Property									
Unimproved Property									
Non-revenue Generating	–	–	–	–	–	–	–	–	–
Improved Property									
Unimproved Property									
Other assets	**3,310**	**1,731**	**132**	**350**	**472**	**472**	**351**	**370**	**390**
Operational Buildings	3,310	1,731	132	350	472	472	351	370	390

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Municipal Offices		3,310	1,731	132	350	450	450	331	349	368
Pay/Enquiry Points										
Building Plan Offices										
Workshops										
Yards						22	22	20	21	22
Stores										
Laboratories										
Training Centres										
Manufacturing Plant										
Depots										
Capital Spares										
Housing		–	–	–	–	–	–	–	–	–
Staff Housing										
Social Housing										
Capital Spares										
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets										
Intangible Assets		110	207	–	–	–	–	–	–	–
Servitudes										
ɔnces and Rights		110	207	–	–	–	–	–	–	–
Water Rights										
Effluent Licenses										
Solid Waste Licenses										
Computer Software and Applications		110	207							
Load Settlement Software Applications										
Unspecified										
Computer Equipment		–	–	–	100	100	100	50	53	56
Computer Equipment					100	100	100	50	53	56
Furniture and Office Equipment		27	–	–	–	–	–	–	–	–
Furniture and Office Equipment		27								
Machinery and Equipment		–	–	–	–	–	–	–	–	–
Machinery and Equipment										
Transport Assets		656	182	–	200	308	308	400	422	445
Transport Assets		656	182		200	308	308	400	422	445
Libraries		–	–	–	–	–	–	–	–	–
·braries										
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals										
Total Repairs and Maintenance Expenditure	1	11,248	30,615	1,185	5,204	6,647	6,647	4,491	5,231	5,637
R&M as a % of PPE		*0.9%*	*1.8%*	*0.1%*	*0.3%*	*0.4%*	*0.4%*	*0.0%*	*0.3%*	*0.3%*
R&M as % Operating Expenditure		*12.5%*	*12.4%*	*0.6%*	*3.2%*	*3.8%*	*3.8%*	*0.0%*	*2.9%*	*2.9%*

For the 2018/19 financial year, R4.5 million of total repairs and maintenance will be spent on infrastructure assets. Water infrastructure has received a significant proportion of this allocation totalling up to R2.9 million, followed by transport assets, roads and electricity infrastructure, other infrastructure and sanitation. Community assets has been allocated R0.6 million and other assets has been allocated R0.4million of total repairs and maintenance.

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1.4 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 12 2018/19 Medium-term capital budget per vote

NC451 Joe Morolong - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital Expenditure - Functional											
Governance and administration		1,515	2,488	1,315	3,835	2,375	2,375	–	2,095	2,475	2,924
Executive and council		667	621			23	23				
Finance and administration		848	1,866	1,315	3,835	2,352	2,352		2,095	2,475	2,924
Internal audit											
Community and public safety		–	12,405	1,491	7,022	8,824	8,824	–	3,410	3,200	3,357
Community and social services			12,405	57	5,022	5,327	5,327		3,360	3,165	3,339
Sport and recreation				462	–	–	–				
Public safety				971	2,000	3,498	3,498		50	35	18
Housing											
Health											
Economic and environmental services		29,423	40,570	18,466	15,895	15,729	15,729	–	14,354	13,617	14,366
Planning and development		62			200	34	34		1,447		
Road transport		29,361	40,570	18,466	15,695	15,695	15,695		12,907	13,617	14,366
Environmental protection											
Trading services		100,208	126,309	112,221	87,512	87,462	87,462	–	100,676	93,618	151,535
Energy sources											
Water management		80,822	109,290	97,605	70,397	70,397	70,397		85,315	77,413	134,420
Waste water management		19,386	17,018	14,616	17,115	17,065	17,065		15,361	16,205	17,115
Waste management											
Other											
Total Capital Expenditure - Functional	3	131,146	181,772	133,492	114,264	114,390	114,390	–	120,535	112,910	172,182
Funded by:											
National Government		100,292	140,166	120,257	103,492	103,492	103,492		113,868	107,916	166,933
Provincial Government				462					10		
District Municipality											
Other transfers and grants											
Transfers recognised - capital	4	100,292	140,166	120,719	103,492	103,492	103,492	–	113,878	107,916	166,933
Public contributions & donations	5	29,340	26,712	10,422							
Borrowing	6										
Internally generated funds		1,514	14,893	2,351	10,772	10,898	10,898		6,657	4,994	5,250
Total Capital Funding	7	131,146	181,772	133,492	114,264	114,390	114,390	–	120,535	112,910	172,182

For 2018/19 an amount of R 121 million has been budgeted for capital expenditure, decreases to R 113 million in 2019/20 and R172 million in 2020/21.

For 2018/19 financial year water receives the highest allocation of R 85.6 million, which represent 70.4 per cent followed by roads at R 15.4 million(12.6 per cent), waste water management at R 12.9 million(10.6 per cent) and 6 per cent for other capital projects

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Total budget for capital expenditure amount to R121 million.

The capital budget for the 2018/19 financial year amounts to R 121 Million with the main focus on the following:

- Provision of water R 85.6 Million
- Roads R 15.4 Million
- Sanitation R 12.9 Million
- Community Halls R 3.0 Million
- Cemeteries R 1.5 Million
- Computers, Offices Equipment & Other R 0.8 Million
- Municipal Office Fencing R 0.5 million
- Building R 0.1 million
- Lawnmower R 0.4 million
- Soft wares R 0.4 million

Capital projects for the 2018/19 financial year are funded from grants receivable from the National Government amounting to R 113.9 Million and own funding to the amount of R 6.6 Million

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1.5 Annual Budget Tables

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2018/19 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page

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Table 13 – Table A1 Budget Summary

NC451 Joe Morolong - Table A1 Budget Summary

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Financial Performance										
Property rates	12,134	10,418	24,967	13,054	29,848	29,848	–	26,623	28,087	29,632
Service charges	20,543	30,945	17,597	25,734	18,382	18,382	–	20,368	22,520	25,071
Investment revenue	1,155	2,706	2,042	–	847	847	–	1,000	1,055	1,113
Transfers recognised - operational	195,240	115,279	114,115	129,439	128,689	128,689	–	133,787	144,083	154,410
Other own revenue	5,409	10,388	12,821	961	8,550	8,550	–	2,525	2,663	2,809
Total Revenue (excluding capital transfers and contributions)	234,481	169,736	171,542	169,188	186,316	186,316	–	184,302	198,408	213,035
Employee costs	47,464	59,323	65,440	55,785	59,183	59,183	–	67,354	72,100	76,968
Remuneration of councillors	8,531	8,692	9,253	10,423	10,423	10,423	–	11,104	11,914	12,784
Depreciation & asset impairment	26,491	57,118	15,271	10,000	10,000	10,000	–	13,001	17,748	20,877
Finance charges	202	3,664	3,057	784	656	656	–	269	284	300
Materials and bulk purchases	–	10,095	12,971	12,340	13,340	13,340	–	13,716	14,471	15,267
Transfers and grants	18,379	60,604	25,225	5,143	4,043	4,043	–	4,215	4,447	4,691
Other expenditure	(10,917)	46,779	65,900	66,607	77,066	77,066	–	68,778	72,626	76,640
Total Expenditure	90,151	246,276	197,118	161,082	174,710	174,710	–	178,438	193,591	207,526
Surplus/(Deficit)	144,330	(76,540)	(25,576)	8,106	11,606	11,606	–	5,865	4,817	5,509
Transfers and subsidies - capital (monetary allocations)	66,249	186,469	166,157	103,007	103,007	103,007	–	116,324	110,025	168,846
Contributions recognised - capital & contributed assets	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	210,579	109,929	140,581	111,113	114,613	114,613	–	122,189	114,842	174,355
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	210,579	109,929	140,581	111,113	114,613	114,613	–	122,189	114,842	174,355
Capital expenditure & funds sources										
Capital expenditure	131,146	181,772	133,492	114,264	114,390	114,390	–	120,535	112,910	172,182
Transfers recognised - capital	100,292	140,166	120,719	103,492	103,492	103,492	–	113,878	107,916	166,933
Public contributions & donations	29,340	26,712	10,422	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	1,514	14,893	2,351	10,772	10,898	10,898	–	6,657	4,994	5,250
Total sources of capital funds	131,146	181,772	133,492	114,264	114,390	114,390	–	120,535	112,910	172,182
Financial position										
Total current assets	58,131	39,745	83,495	66,977	91,771	91,771	–	98,940	112,960	126,133
Total non current assets	1,228,269	1,665,810	1,804,140	1,803,955	1,803,647	1,803,647	–	1,925,205	2,039,160	2,212,463
Total current liabilities	40,936	39,439	104,175	784	656	656	–	195	195	195
Total non current liabilities	3,368	19,812	6,659	1,609	1,609	1,609	–	1,040	845	650
Community wealth/Equity	1,242,097	1,646,304	1,776,801	1,868,539	1,893,152	1,893,152	–	2,022,909	2,151,079	2,337,750
Cash flows										
Net cash from (used) operating	174,898	106,443	130,480	125,416	140,922	140,922	–	138,827	135,933	206,597
Net cash from (used) investing	(180,951)	(127,184)	(151,637)	(114,264)	(114,613)	(114,613)	–	(120,535)	(112,910)	(172,182)
Net cash from (used) financing	(638)	649	(327)	–	–	–	–	–	–	–
Cash/cash equivalents at the year end	8,525	(4,661)	(26,713)	23,529	(405)	(405)	–	20,633	43,656	78,071
Cash backing/surplus reconciliation										
Cash and investments available	–	21,570	(26,713)	17,877	17,877	17,877	–	23,126	28,419	32,123
Application of cash and investments	(121,455)	33,727	52,786	(42,623)	(58,129)	(58,129)	–	(45,351)	(49,352)	(65,294)
Balance - surplus (shortfall)	121,455	(12,157)	(79,500)	60,500	76,006	76,006	–	68,477	77,771	97,417
Asset management										
Asset register summary (WDV)	1,064,408	1,561,683	–	1,803,955	1,803,647	1,803,647		1,925,205	2,039,160	2,212,463
Depreciation	26,491	57,118	10,702	10,000	10,000	10,000		13,001	17,748	20,877
Renewal of Existing Assets	–	–	–	–	–	–		12,500	12,500	25,000
Repairs and Maintenance	11,248	30,615	1,185	5,204	6,647	6,647		4,491	5,231	5,637
Free services										
Cost of Free Basic Services provided	8	8	8	8	8	8	4,215	4,215	4,447	4,691
Revenue cost of free services provided	–	–	–	–	25,905	25,905	28,662	28,662	30,238	31,901
Households below minimum service level										
Water:	2	2	1	1	1	1	1	1	1	1
Sanitation/sewerage:	3	3	3	3	3	3	3	3	4	4
Energy:	–	–	–	–	–	–	–	–	–	–
Refuse:	24	24	24	24	24	24	24	24	24	24

Explanatory notes: Table A1 Budget Summary

- Table A1 is a budget summary and provides a concise overview of the municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
- The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
- Financial management reforms emphasizes the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard: a. The operating surplus/deficit (after Total Expenditure) is positive over the next three years (MTREF)
- Capital expenditure is balanced by capital funding sources, of which
    i. Transfers recognized is reflected on the Financial Performance Budget;
    ii. Internally generated funds are financed from a combination of the current operating surplus.

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Table 14 – Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

NC451 Joe Morolong - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budge Year +2 2020/2
Revenue - Functional										
Governance and administration		114,151	141,046	151,950	137,334	162,915	162,915	160,830	174,073	186,37
Executive and council		5,317	5,998	6,315	6,531	6,531	6,531	6,869	7,215	7,563
Finance and administration		108,834	135,048	145,635	130,803	156,384	156,384	153,961	166,858	178,80
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		2,953	2,768	12,546	2,726	1,910	1,910	1,509	1,658	1,429
Community and social services		2,953	2,768	2,911	2,706	1,908	1,908	1,507	1,656	1,427
Sport and recreation		–	–	20	20	2	2	2	2	2
Public safety		–	–	–	–	–	–	–	–	–
Housing		–	–	9,615	–	–	–	–	–	–
alth		–	–	–	–	–	–	–	–	–
Economic and environmental services		109,676	73,030	57,868	61,245	61,111	61,111	60,390	60,150	63,478
Planning and development		69,106	73,030	57,868	61,155	61,111	61,111	60,370	60,129	63,455
Road transport		40,570	–	–	90	–	–	20	21	22
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		114,529	139,361	115,334	70,803	63,386	63,386	77,898	72,552	130,60
Energy sources		4,555	5,259	4,584	6,080	3,719	3,719	4,734	6,026	7,670
Water management		107,550	131,239	107,738	61,772	56,717	56,717	69,851	63,030	119,24
Waste water management		1,557	1,887	1,935	1,951	1,951	1,951	2,103	2,218	2,340
Waste management		868	976	1,078	1,000	1,000	1,000	1,211	1,277	1,347
Other	4	–	–	–	–	–	–	–	–	–
Total Revenue - Functional	2	341,309	356,205	337,699	272,108	289,323	289,323	300,626	308,433	381,88
Expenditure - Functional										
Governance and administration		6,413	117,558	116,307	74,826	85,376	85,376	107,778	118,121	127,66
Executive and council		17,807	16,442	21,066	20,406	21,124	21,124	22,025	23,120	24,738
Finance and administration		(11,394)	101,116	95,242	54,420	64,252	64,252	85,754	95,001	102,92
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		8,865	8,900	11,016	8,510	8,827	8,827	7,591	7,961	8,467
Community and social services		8,865	8,900	11,016	8,510	8,827	8,827	7,591	7,961	8,467
port and recreation		–	–	–	–	–	–	–	–	–
Public safety		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		23,715	69,010	35,885	10,627	9,965	9,965	15,435	16,346	16,971
Planning and development		23,715	68,518	35,099	9,909	9,313	9,313	11,198	11,805	12,102
Road transport		–	492	786	718	653	653	4,237	4,540	4,869
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		40,241	50,807	33,910	63,676	70,542	70,542	47,633	51,163	54,427
Energy sources		6,753	6,181	6,372	10,199	10,126	10,126	10,564	11,736	12,489
Water management		33,487	42,949	24,639	51,556	57,872	57,872	34,393	36,557	38,861
Waste water management		–	861	1,340	659	1,086	1,086	1,081	1,159	1,243
Waste management		–	816	1,559	1,263	1,457	1,457	1,596	1,711	1,835
Other	4	–	–	–	–	–	–	–	–	–
Total Expenditure - Functional	3	79,233	246,276	197,118	157,639	174,710	174,710	178,438	193,591	207,52
Surplus/(Deficit) for the year		262,076	109,929	140,581	114,469	114,613	114,613	122,189	114,842	174,35

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Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.

Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.

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Table 15 – Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

NC451 Joe Morolong - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue by Vote	1									
Vote 1 - Executive & Council		5,317	5,998	6,315	6,531	6,531	6,531	6,869	7,215	7,563
Vote 2 - Budget & Treasury Office		111,156	134,705	145,363	130,479	154,784	154,784	151,866	164,649	176,476
Vote 3 - Corporate Support Services		212	344	273	325	1,600	1,600	2,095	2,210	2,331
Vote 4 - Community Services		5,377	5,631	15,559	5,766	4,861	4,861	4,832	5,164	5,128
Vote 5 - Technical Services		69,106	73,030	57,868	61,155	61,060	61,060	58,834	60,036	63,357
Vote 6 - Electricity Services		4,555	5,259	4,584	6,080	3,719	3,719	4,734	6,026	7,670
Vote 7 - Water Services		107,550	131,239	107,738	61,772	56,717	56,717	69,851	63,030	119,247
Vote 8 - Development & Town Planning Services		–	–	–	–	51	51	1,546	104	109
Total Revenue by Vote	2	303,273	356,205	337,699	272,108	289,323	289,323	300,626	308,433	381,881
Expenditure by Vote *to be appropriated*	1									
Vote 1 - Executive & Council		17,185	17,640	21,066	20,406	21,124	21,124	22,025	23,120	24,738
Vote 2 - Budget & Treasury Office		41,299	91,970	75,579	38,926	42,514	42,514	57,214	64,729	70,779
Vote 3 - Corporate Support Services		22,070	19,738	19,662	15,493	21,738	21,738	28,540	30,272	32,144
Vote 4 - Community Services		10,276	11,070	14,701	10,431	12,023	12,023	11,451	12,097	12,901
Vote 5 - Technical Services		3,847	66,018	31,099	5,968	5,645	5,645	7,594	7,991	8,064
Vote 6 - Electricity Services		7,002	6,181	6,372	10,199	10,126	10,126	10,564	11,736	12,489
Vote 7 - Water Services		54,077	31,160	24,639	51,556	57,872	57,872	34,393	36,557	38,861
Vote 8 - Development & Town Planning Services		9,912	2,500	4,000	3,941	3,667	3,667	6,658	7,089	7,550
Total Expenditure by Vote	2	165,668	246,276	197,118	156,921	174,710	174,710	178,438	193,591	207,526
Surplus/(Deficit) for the year	2	137,605	109,929	140,581	115,187	114,613	114,613	122,189	114,842	174,355

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the total budgeted operating and capital expenditure performance in relation to the organisational structure of the municipality. This table also presents the overall surplus of the municipality for each budget year. The operating expenditure is separately presented on table A4 and the capital expenditure presented on table A5

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Table 16 – Table A4 Budgeted Financial Performance (revenue and expenditure)

NC451 Joe Morolong - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue By Source											
Property rates	2	12,134	10,418	24,967	13,054	29,848	29,848	–	26,623	28,087	29,632
Service charges - electricity revenue	2	4,547	5,259	4,584	6,072	3,719	3,719	–	4,734	6,026	7,670
Service charges - water revenue	2	13,571	22,823	10,001	16,712	11,712	11,712	–	12,321	12,999	13,714
Service charges - sanitation revenue	2	1,557	1,887	1,935	1,951	1,951	1,951	–	2,103	2,218	2,340
Service charges - refuse revenue	2	868	976	1,078	1,000	1,000	1,000	–	1,211	1,277	1,347
Service charges - other											
Rental of facilities and equipment		74	62	171	263	102	102		136	144	151
Interest earned - external investments		1,155	2,706	2,042		847	847		1,000	1,055	1,113
Interest earned - outstanding debtors		4,583	7,337	11,011	55	6,619	6,619				
Dividends received		–				–	–				
Fines, penalties and forfeits		–				–	–				
Licences and permits		–				–	–				
Agency services		–			90	–	–		10	11	11
Transfers and subsidies		195,240	115,279	114,115	129,439	128,689	128,689		133,787	144,083	154,410
Other revenue	2	751	2,989	1,639	554	1,828	1,828	–	2,378	2,509	2,647
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		**234,481**	**169,736**	**171,542**	**169,188**	**186,316**	**186,316**	**–**	**184,302**	**198,408**	**213,035**
Expenditure By Type											
Employee related costs	2	47,464	59,323	65,440	55,785	59,183	59,183	–	67,354	72,100	76,968
Remuneration of councillors		8,531	8,692	9,253	10,423	10,423	10,423		11,104	11,914	12,784
Debt impairment	3	(59,839)	59		3,092	3,092	3,092		20,087	21,299	22,560
Depreciation & asset impairment	2	26,491	57,118	15,271	10,000	10,000	10,000	–	13,001	17,748	20,877
Finance charges		202	3,664	3,057	784	656	656		269	284	300
Bulk purchases	2	–	10,095	11,018	12,340	13,340	13,340	–	13,716	14,471	15,267
Other materials	8			1,953							
Contracted services		466	12,316	37,562	21,167	25,099	25,099	–	8,950	9,442	9,962
Transfers and subsidies		18,379	60,604	25,225	5,143	4,043	4,043	–	4,215	4,447	4,691
Other expenditure	4, 5	48,457	34,405	28,339	42,348	48,876	48,876	–	39,741	41,886	44,118
Loss on disposal of PPE											
Total Expenditure		**90,151**	**246,276**	**197,118**	**161,082**	**174,710**	**174,710**	**–**	**178,438**	**193,591**	**207,526**
Surplus/(Deficit)		**144,330**	**(76,540)**	**(25,576)**	**8,106**	**11,606**	**11,606**	**–**	**5,865**	**4,817**	**5,509**
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		66,249	186,469	166,157	103,007	103,007	103,007		116,324	110,025	168,846
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)	6	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)											
Surplus/(Deficit) after capital transfers & contributions		**210,579**	**109,929**	**140,581**	**111,113**	**114,613**	**114,613**	**–**	**122,189**	**114,842**	**174,355**
Taxation											
Surplus/(Deficit) after taxation		**210,579**	**109,929**	**140,581**	**111,113**	**114,613**	**114,613**	**–**	**122,189**	**114,842**	**174,355**
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		**210,579**	**109,929**	**140,581**	**111,113**	**114,613**	**114,613**	**–**	**122,189**	**114,842**	**174,355**
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		**210,579**	**109,929**	**140,581**	**111,113**	**114,613**	**114,613**	**–**	**122,189**	**114,842**	**174,355**

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

Total operating revenue is R 184. Million for 2018/19 and increase to R 198 million and then increases to R 218 Million by 2019/20 and 2020/21 respectively. Revenue to be generated from property rates will be R 26 Million in the 2018/19 and increase to R 28 million by 2019/20 financial year.

Services charges relating to electricity, water, sanitation and refuse removal constitutes R 19 million in 2018/19 and increases to R 21.3 million in 2019/20

This growth can mainly be attributed to the increase in the bulk prices of electricity and water.

Transfers recognised – operating income includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are increasing.

The total operational expenditure amounts to R 174 million for 2018/19 and increase to R193 million by 2019/20.

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Table 17– Table A5 Budgeted Capital Expenditure by vote, standard classification and funding source

NC451 Joe Morolong - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital expenditure – Vote											
Multi-year expenditure *to be appropriated*	2										
Vote 1 - Executive & Council		–	–	–	–	–	–	–	–	–	–
Vote 2 - Budget & Treasury Office		–	–	–	–	–	–	–	–	–	–
Vote 3 - Corporate Support Services		–	–	–	–	–	–	–	–	–	–
Vote 4 - Community Services		19,386	17,018	14,616	17,065	17,065	17,065	–	15,361	16,205	17,115
Vote 5 - Technical Services		29,361	40,570	18,466	15,695	15,695	15,695	–	12,907	13,617	14,366
Vote 6 - Electricity Services		–	–	–	–	–	–	–	–	–	–
Vote 7 - Water Services		80,822	109,290	97,410	70,247	70,247	70,247	–	85,115	77,202	134,198
Vote 8 - Development & Town Planning Services		–	–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total	7	129,569	166,879	130,492	103,007	103,007	103,007	–	113,383	107,024	165,679
Single-year expenditure *to be appropriated*	2										
Vote 1 - Executive & Council		667	621	–	–	23	23	–	–	–	–
Vote 2 - Budget & Treasury Office		521	(15)	188	485	485	485	–	495	893	1,254
Vote 3 - Corporate Support Services		327	1,881	1,128	3,350	1,867	1,867	–	1,600	1,583	1,670
Vote 4 - Community Services		–	12,405	1,491	7,072	8,824	8,824	–	3,410	3,200	3,357
Vote 5 - Technical Services		–	–	–	200	34	34	–	–	–	–
Vote 6 - Electricity Services		–	–	–	–	–	–	–	–	–	–
Vote 7 - Water Services		–	–	195	150	150	150	–	200	211	223
Vote 8 - Development & Town Planning Services		–	–	–	–	–	–	–	1,447	–	–
Capital single-year expenditure sub-total		1,515	14,893	3,001	11,257	11,383	11,383	–	7,152	5,886	6,504
Total Capital Expenditure – Vote		131,084	181,772	133,492	114,264	114,390	114,390	–	120,535	112,910	172,182
Capital Expenditure – Functional											
Governance and administration		1,515	2,488	1,315	3,835	2,375	2,375	–	2,095	2,475	2,924
Executive and council		667	621			23	23				
Finance and administration		848	1,866	1,315	3,835	2,352	2,352		2,095	2,475	2,924
Internal audit											
Community and public safety		–	12,405	1,491	7,022	8,824	8,824	–	3,410	3,200	3,357
Community and social services			12,405	57	5,022	5,327	5,327		3,360	3,165	3,339
Sport and recreation				462	–	–	–				
Public safety				971	2,000	3,498	3,498		50	35	18
Housing											
Health											
nomic and environmental services		29,423	40,570	18,466	15,895	15,729	15,729	–	14,354	13,617	14,366
Planning and development		62			200	34	34		1,447		
Road transport		29,361	40,570	18,466	15,695	15,695	15,695		12,907	13,617	14,366
Environmental protection											
Trading services		100,208	126,309	112,221	87,512	87,462	87,462	–	100,676	93,618	151,535
Energy sources											
Water management		80,822	109,290	97,605	70,397	70,397	70,397		85,315	77,413	134,420
Waste water management		19,386	17,018	14,616	17,115	17,065	17,065		15,361	16,205	17,115
Waste management											
Other											
Total Capital Expenditure - Functional	3	131,146	181,772	133,492	114,264	114,390	114,390	–	120,535	112,910	172,182
Funded by:											
National Government		100,292	140,166	120,257	103,492	103,492	103,492		113,868	107,916	166,933
Provincial Government				462					10		
District Municipality											
Other transfers and grants											
Transfers recognised – capital	4	100,292	140,166	120,719	103,492	103,492	103,492	–	113,878	107,916	166,933
Public contributions & donations	5	29,340	26,712	10,422							
Borrowing	6										
Internally generated funds		1,514	14,893	2,351	10,772	10,898	10,898		6,657	4,994	5,250
Total Capital Funding	7	131,146	181,772	133,492	114,264	114,390	114,390	–	120,535	112,910	172,182

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Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.

Capital expenditure has been appropriated at R 121 million for the 2018/19 financial year and decreases over the MTREF to R 113 million and R 172 million respectively for the two outer years.

Unlike multi-year capital appropriations, all of our capital projects are expected to be completed within a single year 2018/19. Included in our single-year appropriations is an expenditure that will be incurred in the 2018/19 budget year such as the procurement of computers and office furniture. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.

The capital programme is funded from National Treasury capital transfers(94%) and internally generated funds(6%) from current year surpluses.

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Table 18- Table A6 Budget Financial position

NC451 Joe Morolong - Table A6 Budgeted Financial Position

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
ASSETS											
Current assets											
Cash				2,340	17,877	17,877	17,877		23,126	28,419	32,123
Call investment deposits	1	–	–	–	–	–	–	–	–	–	–
Consumer debtors	1	58,131	4,161	44,738	44,979	44,738	44,738	–	44,159	55,261	67,237
Other debtors				12,848		23,755	23,755		23,755	18,742	13,452
Current portion of long-term receivables				22,268		–	–				
Inventory	2			1,301	4,120	5,400	5,400		7,900	10,538	13,320
Total current assets		58,131	4,161	83,495	66,977	91,771	91,771	–	98,940	112,960	126,133
Non current assets											
Long-term receivables											
Investments											
Investment property											
Investment in Associate											
Property, plant and equipment	3	1,228,269	1,689,341	1,803,725	1,803,131	1,803,257	1,803,257	–	1,924,847	2,038,782	2,212,065
Agricultural											
Biological											
Intangible				414	824	389	389		358	377	398
Other non-current assets											
Total non current assets		1,228,269	1,689,341	1,804,140	1,803,955	1,803,647	1,803,647	–	1,925,205	2,039,160	2,212,463
TOTAL ASSETS		1,286,401	1,693,502	1,887,635	1,870,932	1,895,417	1,895,417	–	2,024,144	2,152,119	2,338,596
LIABILITIES											
Current liabilities											
Bank overdraft	1			29,053							
Borrowing	4	785	784	372	784	656	656	–	195	195	195
Consumer deposits				69							
Trade and other payables	4	40,151	84,988	59,269	–	–	–	–	–	–	–
Provisions				15,412							
Total current liabilities		40,936	85,772	104,175	784	656	656	–	195	195	195
Non current liabilities											
Borrowing		1,803	16,293	1,296	1,609	1,609	1,609	–	1,040	845	650
Provisions		1,565	3,519	5,362	–	–	–	–	–	–	–
Total non current liabilities		3,368	19,812	6,659	1,609	1,609	1,609	–	1,040	845	650
TOTAL LIABILITIES		44,304	105,584	110,834	2,393	2,265	2,265	–	1,235	1,040	845
NET ASSETS	5	1,242,097	1,587,918	1,776,801	1,868,539	1,893,152	1,893,152	–	2,022,909	2,151,079	2,337,750
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		1,242,097	1,587,918	1,776,801	1,868,539	1,893,152	1,893,152		2,022,909	2,151,079	2,337,750
Reserves	4	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	1,242,097	1,587,918	1,776,801	1,868,539	1,893,152	1,893,152	–	2,022,909	2,151,079	2,337,750

Explanatory notes to Table A6 - Budgeted Financial Position

- Table A6 is consistent with international standards of good financial management practice, and improves understand-ability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
- This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities equals to Equity. In a municipal environment, the equity is equivalent to the Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
- The justification of Community Wealth/Equity is that ownership and the net assets of the municipality belong to the community.
- Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash flow position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

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Table 19- Table A7 Budgeted Cash Flow

NC451 Joe Morolong - Table A7 Budgeted Cash Flows

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		8,989			12,401	25,371	25,371		17,305	18,256	23,705
Service charges		11,545	14,869	6,235	24,456	20,984	20,984		13,239	14,638	20,057
Other revenue		85,346	482		811	1,833	1,833		2,521	2,631	2,777
Government - operating	1	96,758	118,229	118,680	127,801	127,051	127,051		133,787	144,083	154,410
Government - capital	1	116,771	118,420	167,613	103,007	103,007	103,007		116,324	110,025	168,846
Interest		1,155	2,706	2,042	55	6,431	6,431		1,000	844	890
Dividends									–	–	–
Payments											
Suppliers and employees		(127,083)	(91,608)	(135,866)	(137,187)	(139,057)	(139,057)		(140,865)	(149,813)	(159,098)
Finance charges		(202)	(3,664)	(3,000)	(784)	(656)	(656)		(269)	(284)	(300)
Transfers and Grants	1	(18,379)	(52,992)	(25,225)	(5,143)	(4,043)	(4,043)		(4,215)	(4,447)	(4,691)
NET CASH FROM/(USED) OPERATING ACTIVITIES		174,898	106,443	130,480	125,416	140,922	140,922	–	138,827	135,933	206,597
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE									–	–	–
Decrease (Increase) in non-current debtors									–	–	–
Decrease (increase) other non-current receivables									–	–	–
Decrease (increase) in non-current investments		362		(18,145)					–	–	–
Payments											
Capital assets		(181,312)	(127,184)	(133,492)	(114,264)	(114,613)	(114,613)		(120,535)	(112,910)	(172,182)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(180,951)	(127,184)	(151,637)	(114,264)	(114,613)	(114,613)	–	(120,535)	(112,910)	(172,182)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									–	–	–
Borrowing long term/refinancing									–	–	–
Increase (decrease) in consumer deposits									–	–	–
Payments											
Repayment of borrowing		(638)	649	(327)					–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		(638)	649	(327)	–	–	–	–	–	–	–
NET INCREASE/ (DECREASE) IN CASH HELD		(6,691)	(20,092)	(21,485)	11,152	26,308	26,308	–	18,293	23,023	34,415
Cash/cash equivalents at the year begin:	2	15,216	15,431	(5,228)	12,377	(26,713)	(26,713)		2,340	20,633	43,656
Cash/cash equivalents at the year end:	2	8,525	(4,661)	(26,713)	23,529	(405)	(405)	–	20,633	43,656	78,071

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

The budgeted cash flow statement is the first measurement in determining if the budget is funded. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

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Table 20- Table A8 Budgeted Cash Flow Cash Backed Reserves/Accumulated Surplus Reconciliation

NC451 Joe Morolong - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Cash and investments available											
Cash/cash equivalents at the year end	1	8,525	(4,661)	(26,713)	23,529	(405)	(405)	–	20,633	43,656	78,071
Other current investments > 90 days		(8,525)	26,231	–	(5,652)	18,282	18,282	–	2,493	(15,237)	(45,947)
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		–	21,570	(26,713)	17,877	17,877	17,877	–	23,126	28,419	32,123
Application of cash and investments											
Unspent conditional transfers		–	–	336	–	–	–	–	–	–	–
Unspent borrowing		–	–	–	–	–	–		–	–	–
Statutory requirements	2										
Other working capital requirements	3	(121,455)	33,727	52,450	(42,623)	(58,129)	(58,129)	–	(45,351)	(49,352)	(65,294)
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		(121,455)	33,727	52,786	(42,623)	(58,129)	(58,129)	–	(45,351)	(49,352)	(65,294)
Surplus(shortfall)		121,455	(12,157)	(79,500)	60,500	76,006	76,006	–	68,477	77,771	97,417

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.

The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".

Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.

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Table 21- Table A9 Asset Management

NC451 Joe Morolong - Table A9 Asset Management

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
CAPITAL EXPENDITURE										
Total New Assets	1	**131,084**	**181,772**	**133,492**	**114,264**	**114,390**	**114,390**	**108,035**	**100,410**	**147,182**
Roads Infrastructure		29,361	40,570	18,466	15,695	15,695	15,695	12,907	13,617	14,366
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	–	–	–	–	–	–	–
Water Supply Infrastructure		80,822	109,290	90,826	69,781	70,016	70,016	72,815	64,913	109,420
Sanitation Infrastructure		19,386	17,018	14,616	17,065	17,065	17,065	15,361	16,205	17,115
Solid Waste Infrastructure		–	–	–	50	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		***129,569***	***166,879***	***123,907***	***102,592***	***102,777***	***102,777***	***101,083***	***94,735***	***140,901***
Community Facilities		617	1,491	7,072	5,000	5,300	5,300	4,447	3,165	3,339
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Community Assets		***617***	***1,491***	***7,072***	***5,000***	***5,300***	***5,300***	***4,447***	***3,165***	***3,339***
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		–	12,185	2,099	3,691	4,117	4,117	600	528	557
Housing		–	–	–	–	–	–	–	–	–
Other Assets		–	***12,185***	***2,099***	***3,691***	***4,117***	***4,117***	***600***	***528***	***557***
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		246	–	414	824	389	389	308	325	343
Intangible Assets		***246***	–	***414***	***824***	***389***	***389***	***308***	***325***	***343***
Computer Equipment		(15)	156	–	490	715	715	837	1,254	1,635
Furniture and Office Equipment		–	440	–	405	580	580	200	193	185
Machinery and Equipment		–	–	–	1,062	512	512	210	211	223
Transport Assets		667	621	–	200	–	–	350	–	–
Libraries		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Total Renewal of Existing Assets	2	–	–	–	–	–	–	12,500	12,500	25,000
Roads Infrastructure		–	–	–	–	–	–	–	–	–
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	–	–	–	–	–	–	–
Water Supply Infrastructure		–	–	–	–	–	–	12,500	12,500	25,000
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		–	–	–	–	–	–	***12,500***	***12,500***	***25,000***
Community Facilities		–	–	–	–	–	–	–	–	–
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Community Assets		–	–	–	–	–	–	–	–	–
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–

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Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Other Assets		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–
Intangible Assets		–	–	–	–	–	–	–	–	–
Computer Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment		–	–	–	–	–	–	–	–	–
Machinery and Equipment		–	–	–	–	–	–	–	–	–
Transport Assets		–	–	–	–	–	–	–	–	–
Libraries		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Total Upgrading of Existing Assets	6	–	–	–	–	–	–	–	–	–
Roads Infrastructure		–	–	–	–	–	–	–	–	–
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	–	–	–	–	–	–	–
Water Supply Infrastructure		–	–	–	–	–	–	–	–	–
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		–	–	–	–	–	–	–	–	–
Community Facilities		–	–	–	–	–	–	–	–	–
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Community Assets		–	–	–	–	–	–	–	–	–
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Other Assets		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–
Intangible Assets		–	–	–	–	–	–	–	–	–
Computer Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment		–	–	–	–	–	–	–	–	–
Machinery and Equipment		–	–	–	–	–	–	–	–	–
Transport Assets		–	–	–	–	–	–	–	–	–
Libraries		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Total Capital Expenditure	4									
Roads Infrastructure		29,361	40,570	18,466	15,695	15,695	15,695	12,907	13,617	14,366
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	–	–	–	–	–	–	–	–
Water Supply Infrastructure		80,822	109,290	90,826	69,781	70,016	70,016	85,315	77,413	134,420
Sanitation Infrastructure		19,386	17,018	14,616	17,065	17,065	17,065	15,361	16,205	17,115
Solid Waste Infrastructure		–	–	–	50	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		***129,569***	***166,879***	***123,907***	***102,592***	***102,777***	***102,777***	***113,583***	***107,235***	***165,901***
Community Facilities		617	1,491	7,072	5,000	5,300	5,300	4,447	3,165	3,339

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Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Community Assets		*617*	*1,491*	*7,072*	*5,000*	*5,300*	*5,300*	*4,447*	*3,165*	*3,339*
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		–	12,185	2,099	3,691	4,117	4,117	600	528	557
Housing		–	–	–	–	–	–	–	–	–
Other Assets		–	*12,185*	*2,099*	*3,691*	*4,117*	*4,117*	*600*	*528*	*557*
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		246	–	414	824	389	389	308	325	343
Intangible Assets		*246*	–	*414*	*824*	*389*	*389*	*308*	*325*	*343*
Computer Equipment		(15)	156	–	490	715	715	837	1,254	1,635
Furniture and Office Equipment		–	440	–	405	580	580	200	193	185
Machinery and Equipment		–	–	–	1,062	512	512	210	211	223
Transport Assets		667	621	–	200	–	–	350	–	–
Libraries		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
AL CAPITAL EXPENDITURE - Asset class		131,084	181,772	133,492	114,264	114,390	114,390	120,535	112,910	172,182
ASSET REGISTER SUMMARY - PPE (WDV)	5									
Roads Infrastructure		690,749	724,145		774,302	775,243	775,243	788,150	801,767	816,133
Storm water Infrastructure		247,026	729,756			–	–			
Electrical Infrastructure		–	5,311		5,499	5,499	5,499	5,499	5,499	5,499
Water Supply Infrastructure		5,311	(16,114)		733,956	733,956	733,956	819,071	896,273	1,030,470
Sanitation Infrastructure					133,630	133,580	133,580	148,941	165,146	182,261
Solid Waste Infrastructure										
Rail Infrastructure										
Coastal Infrastructure										
Information and Communication Infrastructure										
Infrastructure		*943,086*	*1,443,097*	–	*1,647,387*	*1,648,278*	*1,648,278*	*1,761,661*	*1,868,684*	*2,034,363*
Community Facilities		110,606	105,816		133,470	132,470	132,470	135,470	138,635	141,975
Sport and Recreation Facilities										
Community Assets		*110,606*	*105,816*	–	*133,470*	*132,470*	*132,470*	*135,470*	*138,635*	*141,975*
Heritage Assets										
Revenue Generating										
Non-revenue Generating										
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings										
Housing										
Other Assets		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets										
Servitudes										
Licences and Rights					1,559	1,559	1,559	1,917	2,295	2,693
Intangible Assets		–	–	–	*1,559*	*1,559*	*1,559*	*1,917*	*2,295*	*2,693*
Computer Equipment		350	350		350	350	350	1,487	3,057	5,026
Furniture and Office Equipment		5,744	7,798		16,567	16,567	16,567	16,867	17,184	17,517
Machinery and Equipment		4,422	4,422		4,422	4,422	4,422	7,452	9,304	10,889
Transport Assets		200	200		200			350		
Libraries										
Zoo's, Marine and Non-biological Animals										
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	1,064,408	1,561,683	–	1,803,955	1,803,647	1,803,647	1,925,205	2,039,160	2,212,463
EXPENDITURE OTHER ITEMS										
Depreciation	7	26,491	57,118	10,702	10,000	10,000	10,000	13,001	17,748	20,877
Repairs and Maintenance by Asset Class	3	11,248	30,615	1,185	5,204	6,647	6,647	4,491	5,231	5,637
Roads Infrastructure		314	–	–	200	300	300	100	106	111

Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		–	189	189	492	492	492	100	600	750
Water Supply Infrastructure		1,693	27,260	857	3,056	4,230	4,230	2,950	3,111	3,283
Sanitation Infrastructure		84	129	6	106	90	90	50	53	56
Solid Waste Infrastructure		5,053	–	–	200	170	170	50	53	56
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		***7,145***	***27,577***	***1,052***	***4,054***	***5,282***	***5,282***	***3,250***	***3,922***	***4,256***
Community Facilities		1	917	–	350	455	455	290	306	323
Sport and Recreation Facilities		0	1	0	150	30	30	150	158	167
Community Assets		***2***	***918***	***0***	***500***	***485***	***485***	***440***	***464***	***490***
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		3,310	1,731	132	350	472	472	351	370	390
Housing		–	–	–	–	–	–	–	–	–
Other Assets		***3,310***	***1,731***	***132***	***350***	***472***	***472***	***351***	***370***	***390***
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		110	207	–	–	–	–	–	–	–
Intangible Assets		***110***	***207***	–	–	–	–	–	–	–
Computer Equipment		–	–	–	100	100	100	50	53	56
Furniture and Office Equipment		27	–	–	–	–	–	–	–	–
Machinery and Equipment		–	–	–	–	–	–	–	–	–
Transport Assets		656	182	–	200	308	308	400	422	445
Libraries		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
TOTAL EXPENDITURE OTHER ITEMS		37,739	87,733	11,886	15,204	16,647	16,647	17,492	22,980	26,514

Explanatory notes to Table A9 - Asset Management

Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.

National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The municipality doesn't meet the above recommendations.

The total repairs and maintenance amounts to 0.3% of the total value Property, Plant and Equipment in the 2018/19 budget and remains 0.3% in the following year. We acknowledge that the municipality should provide at least 8% of the total value of assets for repair and maintenance as stated on MFMA Circular No 70.

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Table 23- Table A10 Basic Service Delivery Measurement

NC451 Joe Morolong - Table A10 Basic service delivery measurement

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Household service targets	1									
Water:										
Piped water inside dwelling		3,718	3,818	3,868	4,068	4,068	4,068	4,068	4,068	4,068
Piped water inside yard (but not in dwelling)		–	–	–	–	–	–	–	–	–
Using public tap (at least min.service level)	2	18,048	18,248	18,448	18,648	18,648	18,648	20,648	20,648	20,648
Other water supply (at least min.service level)	4	–	–	–	–	–	–	–	–	–
Minimum Service Level and Above sub-total		21,766	22,066	22,316	22,716	22,716	22,716	24,716	24,716	24,716
Using public tap (< min.service level)	3	–	–	–	–	–	–	–	–	–
Other water supply (< min.service level)	4	–	–	–	–	–	–	–	–	–
No water supply		1,941	1,691	1,491	1,491	1,491	1,491	1,491	1,491	1,491
Below Minimum Service Level sub-total		1,941	1,691	1,491	1,491	1,491	1,491	1,491	1,491	1,491
Total number of households	5	23,707	23,757	23,807	24,207	24,207	24,207	26,207	26,207	26,207
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		2,131	2,131	2,131	2,131	2,131	2,131	2,131	2,131	2,131
Flush toilet (with septic tank)		–	–	–	–	–	–	–	–	–
Chemical toilet		18,254	18,254	18,454	18,654	18,654	18,654	18,654	18,654	18,654
Pit toilet (ventilated)		–	–	–	–	–	–	–	–	–
Other toilet provisions (> min.service level)		–	–	–	–	–	–	–	–	–
Minimum Service Level and Above sub-total		20,385	20,385	20,585	20,785	20,785	20,785	20,785	20,785	20,785
Bucket toilet		469	419	369	319	319	319	819	1,319	1,819
Other toilet provisions (< min.service level)		–	–	–	–	–	–	–	–	–
No toilet provisions		2,432	2,753	2,653	2,453	2,453	2,453	2,453	2,453	2,453
Below Minimum Service Level sub-total		2,901	3,172	3,022	2,772	2,772	2,772	3,272	3,772	4,272
Total number of households	5	23,286	23,557	23,607	23,557	23,557	23,557	24,057	24,557	25,057
Energy:										
Electricity (at least min.service level)		–	–	–	–	–	–	–	–	–
Electricity - prepaid (min.service level)		19,384	19,384	19,384	19,384	19,384	19,384	21,884	24,384	26,884
Minimum Service Level and Above sub-total		19,384	19,384	19,384	19,384	19,384	19,384	21,884	24,384	26,884
Electricity (< min.service level)		–	–	–	–	–	–	–	–	–
Electricity - prepaid (< min. service level)		–	–	–	–	–	–	–	–	–
Other energy sources		–	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	19,384	19,384	19,384	19,384	19,384	19,384	21,884	24,384	26,884
Refuse:										
Removed at least once a week		–	–	–	–	–	–	–	–	–
Minimum Service Level and Above sub-total		–	–	–	–	–	–	–	–	–
Removed less frequently than once a week		1,581	1,581	1,581	1,581	1,581	1,581	1,581	1,581	1,581
Using communal refuse dump		–	–	–	–	–	–	–	–	–
Using own refuse dump		19,146	19,146	19,146	19,146	19,146	19,146	19,146	19,146	19,146
Other rubbish disposal		–	–	–	–	–	–	–	–	–
No rubbish disposal		2,980	2,980	3,335	3,444	3,444	3,444	3,444	3,444	3,444
Below Minimum Service Level sub-total		23,707	23,707	24,062	24,171	24,171	24,171	24,171	24,171	24,171
Total number of households	5	23,707	23,707	24,062	24,171	24,171	24,171	24,171	24,171	24,171
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		–	–	–	–	–	–	–	–	–
Sanitation (free minimum level service)		–	–	–	–	–	–	–	–	–
Electricity/other energy (50kwh per household per month)		–	–	–	–	–	–	–	–	–
Refuse (removed at least once a week)		–	–	–	–	–	–	–	–	–
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		–	–	–	–	–	–	1,123	1,184	1,250
Sanitation (free sanitation service to indigent households)		–	–	–	–	–	–	–	–	–
Electricity/other energy (50kwh per indigent household per month)		8	8	8	8	8	8	–	–	–
Refuse (removed once a week for indigent households)		–	–	–	–	–	–	–	–	–
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		–	–	–	–	–	–	–	–	–
Total cost of FBS provided		8	8	8	8	8	8	1,123	1,184	1,250
Highest level of free service provided per household										
Property rates (R value threshold)										
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)										
Refuse (average litres per week)										
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissable values per section 17 of MPRA)										
Property rates exemptions, reductions and rebates and impermissable values in excess of section 17 of MPRA)		–	–	–	–	25,905	25,905	22,888	24,147	25,475
Water (in excess of 6 kilolitres per indigent household per month)		–	–	–	–	–	–	–	–	–
Sanitation (in excess of free sanitation service to indigent households)		–	–	–	–	–	–	–	–	–
Electricity/other energy (in excess of 50 kwh per indigent household per month)		–	–	–	–	–	–	–	–	–
Refuse (in excess of one removal a week for indigent households)		–	–	–	–	–	–	–	–	–
Municipal Housing - rental rebates										
Housing - top structure subsidies	6									
Other										
Total revenue cost of subsidised services provided		–	–	–	–	25,905	25,905	22,888	24,147	25,475

Explanatory notes to Table A10 - Basic Service Delivery Measurement

Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

The municipality continues to make good progress with the eradication of backlogs.

It is anticipated that these Free Basic Services will cost the municipality R 4.2 million in 2018/19, increasing to R 4.4 million in 2019/20. This is covered by the municipality's equitable share allocation from national government.

It is very difficult to measure correctly the revenue cost of free basic as the municipality is mostly rural and the infrastructure used for water was communal stand pipes except Van Zylsrus and Hotazel, and the municipality is busy installing the prepaid meter that assist in measuring the correct cost of revenue for free basic service, and Eskom provide the electricity in more than 99% of municipal areas.

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Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the executive chairpersonship of Finance, Human Resource and Administration. The Budget Steering Committee must be chaired by the Mayor.

The primary aim of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.2 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council (10) ten months before the start of the new financial year (i.e. in August 2017) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule August 2017.

There were deviations from key dates set out in the budget time schedule tabled in council but the activities were all carried out in different dates as compared to the planned dates.

IDP PROCESS PLAN 2017/ 2018 FINANCIAL YEAR

PHASE	ACTIVITY	RESPONSIBLE	OUTPUT	TIME FRAME
Preparation Phase	Develop Draft IDP and Budget process plan	CFO and IDP Manager	Approved 2016/2017 IDP, Budget and PMS process plan	**17 -18 July 2017**
	Alignment with JTG District framework IDP, Budget and PMS process plan	JTG District Municipality		**10 -09 July 2017**
	IDP Steering Committee Meeting	IDP Manager		**14 August 2017**
	IDP Representative Forum Meeting	IDP Manager		**17 August 2017**
	JTG District Representative Forum Meeting			**To be confirmed**
	Tabling of Annual Performance Report and Annual Financial Statements	Mayor and Municipal Manager		**22 August 2017**
	Submission of Annual Performance Report to the Auditor– General and MEC	IDP Manager		**30 August 2017**
Analysis Phase	MECs Assessment of IDP	COGHSTA and JTG District	✚ Output of existing level of development ✚ Information on available resources ✚ Alignments of IDP	**September Month 2017**
	Identification of Gaps, Stakeholder Registration and Information Gathering.	IDP Manager		**Week 1 September 2017**
	Draft IDP 2016/17 Analysis Phase Completed	IDP Manager		**06 September 2017**
	Draft IDP 2016/17 Analysis Phase Completed	IDP Manager		**08 September 2017**
	IDP 2016/2017 Analysis Phase (JTG District Forum)	JTG District Municipality		**To be confirmed**
	IDP Steering Committee Meeting	IDP Manager	✚ Priority issues/problems ✚ Understanding of causes of priority issues/problems	**10 October 2017**
	Community Consultation Meetings (Road Show)	Budget & Treasury and IDP Manager		**17 – 31 October 2017**
	IDP Representative Forum Meeting	IDP Manager and Municipal Manager		**21 November 2017**

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	Consultative Forum on Vision, Mission, Objectives, and Localized Strategic Guidelines	IDP Manager		**07 November 2017**
	JTG District Forum 2015/ 2016 IDP Representative Forum	JTG District Municipality		**To be confirmed**
	JTG District Wide Strategic Planning Session	JTG District Municipality		**To be confirmed**
	Strategic Planning Session	IDP Manager and Municipal Manager		**27 to 29 November 2017**
	JTG District Wide Strategic Planning Session	JTG District Municipality		**To be confirmed**
	Review Financial Strategies, Budget Adjustment and Review of Organizational Structure	All Departments and Municipal Manager		**17 January 2018**
	Draft Mid – Year and Draft Annual Report	All Departments and Municipal Manager		**24 January 2018**
	Review and Rationalization of Projects, Redesigning and Upgrading Project Designs	IDP Manager		**Week 2 February 2018**
	IDP Steering Committee Meeting	IDP Manager and Municipal Manager		**23 February 2018**
	IDP Representative Forum Meeting	IDP Manager		**26 February 2018**
	JTG District Representative Forum Meeting	Mayor and Municipal Manager		**To be confirmed**
	Tabling of Draft IDP, Budget and SDBIP for Council Approval	Mayor and Municipal Manager		**27 March 2018**
	Submission of Approved Draft IDP & Budget to National Treasury and COGHSTA	Municipal Manager		**30 March 2018**
Integration Phase	Alignment with JTG District Municipality, Provincial and National Programs	COGHSTA and JTG District Municipality	↓ 5 Year Financial Plan ↓ 5 Year Capital	**02 to 05 April 2018**

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	Draft IDP & Budget Community Consultation Meeting (Road show)	All Departments and Municipal Manager	Investment Plan ↓ Institutional Plan ↓ Reference to Sector Plans ↓ Integrated Sectoral Plans	**09 to 20 April 2018**
	IDP Steering Committee Meeting	IDP Manager and Municipal Manager		**23 April 2018**
	IDP Representative Forum Meeting	JTG District Municipality		**24 April 2018**
	Publish of a Draft IDP & Budget	IDP Manager		**30 April 2018**
	Draft IDP & Budget for JTG District Forum	JTG District Municipality		**To be confirmed**
	Screening of Draft IDP Projects Integration of Sector Plans and Institutional Programs	IDP Manager and All Departments		**28 May 2018**
Approval Phase	Approval of IDP and Budget	Mayor and Municipal Manager	↓ Public Comments ↓ Approved IDP for the Municipality	**30 May 2018**
	Approval of Top Layer Service Delivery and Budget Implementation Plan(SBDIP)	Municipal Manager		**12 June 2018**
	Publish of IDP, SDBIP and Budget	IDP Manager		**26 June 2018**
	Submission of Approved IDP SDBIP and Budget to National Treasury and COGHSTA	Mayor and Municipal Manager		**28 June 2018**
	Signing of Annual Performance Agreements for Section 57 Managers	Mayor and Municipal Manager		**29 June 2018**

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2.5 Community Consultation

The 2018/19 MTREF was tabled before council on the 28 March 2018 together with community consultation time table. Consultation time table was published in the municipal website and local newspaper and hard copies for draft budget was available in the main municipal office and satellite offices and draft budget softcopy was loaded on the municipal website (www.joemorolong.gov.za).

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees were utilised to facilitate the community consultation process from 03 to 23 April 2018. The applicable dates and venues was published in all the local newspapers and notice board of public places. Other stakeholders involved in the consultation include Agri Kuruman, sector departments, mining houses and churches and community-based organisations.

Draft IDP, Budget and Tariffs for 2018/19 FY Community Consultation Meetings

Date	Ward	Place	Time	Ward Councillors
03 April 2018	Ward 12	Dithakong	09H30	Councillor Earabang
04 April 2018	Ward 10	Gamadubu	09H30	Councillor Sesenyi
05 April 2018	Ward 11	Lotlhakajaneng	09H30	Councillor Matsioloko
06 April 2018	Ward 09	Dihotshane	09H30	Councillor Kaebis
09 April 2018	Ward 13	Wateraar	09H30	Councillor Mmmolaeng
10 April 2018	Ward 15	Magwagwe	09H30	Councillor Matebesi
11 April 2018	Ward 03	Bosra	09H30	Councillor Block
12 April 2018	Ward 05	Maipeing	09H30	Councillor Sekokodie
13 April 2018	Ward 04	Vanzylsrus	09H30	Councillor Katong
16 April 2018	Ward 07	Kleinera	09H30	Councillor Modise
17 April 2018	Ward 14	Kikahela	09H30	Councillor Josop
18 April 2018	Ward 06	Permonkie	09H30	Councillor Seikaneng
19 April 2018	Ward 08	Deurhum	09H30	Councillor Mokgautsi
20 April 2018	Ward 02	Cahar	09H30	Councillor Tswere
23 April 2018	Ward 01	Shalaneng	09H30	Councillor Mokweni

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2.6 Overview of alignment of annual budget with IDP

The IDP crosses departmental divisions by linking the physical, social, institutional and economic components of planning and development with management and development structure. It also integrates and aligns planning in different spheres of government and therefore enforcing and upholding the spirit of co-operative governance in the public sector.

For our planning and programmes to be effective all strategic planning within the municipality must take place within the framework of the IDP. Through integrated development planning different plans are integrated, coordinated and linked to the use of natural, financial, human and physical resources.

The following IDP's five strategic objectives that have directly informed the compilation of 2018/19 MTREF budget

- Provide quality basic services to community
- Good governance and community participation
- Institutional Development and Transformation
- Local Economic Development
- Municipal Financial Viability

The following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

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Table 24 – Table SA4: Reconciliation between the IDP strategic objectives and budgeted revenue

C451 Joe Morolong - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

trategic Objective thousand	Goal	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenu & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budge Year + 2020/2
rovide quality basic ervices to community	Provision of infrastructure for water, sanitation, waste management, electricity and roads		183,635	212,282	174,658	133,691	128,309	128,309	138,340	134,429	195,58
ood governance and ommunity participation	Promote community involvement through planning, monitoring and budgeting processes. Engagement of ward committees to hold monthly meeting with communities		5,317	5,998	6,315	6,531	6,531	6,531	6,869	7,215	7,563
stitutional Development nd Transformation	Addressing Auditor General queries as per the action plan to ensure improvement in audit opinion. Firm up on performance management system. Managing the interface between the administrative and political structures		3,164	299	273	325	1,520	1,520	2,011	2,121	2,238
ocal Economic evelopment	Ensure sustainable rural economic growth; ensure that most of the municipal projects are implemented through labour intensive programme. Also ensure that atleast 30% of most municipal infrastructural projects are awarded to local emerging contractors			2,751	5,614	1,178	323	323	1,541	20	21
unicipal Financial Viability	Improved budgeting, revenue generation & protection, debtors control, grow and diversify revenue and value for money expenditure through an integrated financial plan		108,622	134,705	150,839	130,479	152,639	152,639	151,866	164,649	176,47
llocations to other priorities		2									
otal Revenue (excluding apital transfers and ontributions)		1	300,739	356,034	337,699	272,203	289,323	289,323	300,626	308,433	381,88

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Table 25 – Table SA5: Reconciliation between the IDP strategic objectives and budgeted operating expenditure

NC451 Joe Morolong - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective R thousand	Goal		Ref	2014/15 Audited Outcome	2015/16 Audited Outcome	2016/17 Audited Outcome	Current Year 2017/18 Original Budget	 Adjusted Budget	 Full Year Forecast	2018/19 Medium Term Revenue & Expenditure Framework Budget Year 2018/19	 Budget Year +1 2019/20	 Budget Year +2 2020/21
Provide quality basic services to community	Provision of infrastructure for water, sanitation, waste management, electricity and roads			40,258	151,535	72,602	74,314	76,855	76,855	47,633	51,163	54,427
Good governance and community participation	Promote community involvement through planning, monitoring and budgeting processes. Engagement of ward committees to hold monthly meeting with communities			17,807	15,567	21,066	24,197	21,124	21,124	22,025	23,120	24,738
Institutional Development and Transformation	Addressing Auditor General queries as per the action plan to ensure improvement in audit opinion. Firm up on performance management system. Managing the interface between the administrative and political structures			34,615	15,229	19,662	15,584	21,738	21,738	28,540	30,272	32,144
Local Economic Development	Ensure sustainable rural economic growth, ensure that most of the municipal projects are implemented through labour intensive programme. Also ensure that atleast 30% of most municipal infrastructural projects are awarded to local emerging contractors			8,865	9,393	15,802	7,959	12,494	12,494	23,026	24,307	25,438
Municipal Financial Viability	Improved budgeting, revenue generation & protection, debtors control, grow and diversify revenue and value for money expenditure through an integrated financial plan			(11,394)	162,910	76,625	39,026	42,514	42,514	57,214	64,729	70,779
Allocations to other priorities												
Total Expenditure			1	90,151	354,633	205,758	161,082	174,725	174,725	178,438	193,591	207,526

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Table 26– Table SA6: Reconciliation between the IDP strategic objectives and budgeted capital expenditure

IC451 Joe Morolong - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget capital expenditure)

trategic Objective	Goal	Goal Code	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
rovide quality basic ervices to ommunity	Provision of infrastructure for water, sanitation, waste management, electricity and roads	A		118,694	177,675	130,516	103,407	106,674	106,674	115,090	107,270	165,820
ood governance nd community articipation	Promote community involvement through planning, monitoring and budgeting processes. Engagement of ward committees to hold monthly meeting with communities	B		12,405				23	23			
stitutional evelopment and ransformation	Addressing Auditor General queries as per the action plan to ensure improvement in audit opinion. Firm up on performance management system. Managing the interface between the administrative and political structures	C		–	595	2,976	3,300	1,908	1,908	1,600	1,583	1,670
ocal Economic evelopment	Ensure sustainable rural economic growth; ensure that most of the municipal projects are implemented through labour intensive programme. Also ensure that atleast 30% of most municipal infrastructural projects are awarded to local emerging contractors	D			3,501		7,022	5,300	5,300	3,350	3,165	3,339
lunicipal Financial iability	Improved budgeting, revenue generation & protection, debtors control, grow and diversify revenue and value for money expenditure through an integrated financial plan	E		(15)			535	485	485	495	893	1,354
llocations to other priorities			3									
otal Capital xpenditure			1	131,084	181,772	133,492	114,264	114,390	114,390	120,535	112,910	172,182

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2.7 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

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Table 27– Table SA7: Measurable performance objectives

NC451 Joe Morolong - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Vote 1 - Executive & Council										
Function 1 - Council										
Sub-function 1 - (name)										
Tabling & Approval of IDP & Budget for each budget year	Approval before 31 May each year	1	1	1	1	1	1	1	1	1
Hold quartely council meeting	Number of meeting held	4	4	4	4	4	4	4	4	4
Approval of Sec 72 Reports by 25 January each year	Approved Report & Resolution	1	1	1	1	1	1	1	1	1
Tabling & Approval of Adjusted Budget	Number of Adjusted Budget	1	1	1	1	1	1	1	1	1
Sub-function 2 - Municipal Manager										
The keeping and compilation of minutes of all meetings of Council and its co ittee	Number of minutes	20	20	20	20	20	20	20	20	20
Pu ation of four newsletter in financial year	Number of newsletter	0	0	0	4	4	4	4	4	4
Vote 2 - Budget & Treasury Office										
Sub-function 1 - Budget & Treasury										
Financial Statements by 31 August and submitted to the Auditor-General	Submitted AFS	1	1	1	1	1	1	1	1	1
All salaries and third party payments paid on time	Number	12	12	12	12	12	12	12	12	12
Monthly sec 71 reports	Number of report	12	12	12	12	12	12	12	12	12
Compile Quaterly reports	7 reports per quarter	28	28	28	28	28	28	28	28	28
Vote 3 - Corporate Services										
Function 1 - Corporate										
Maintenance of an effective record and registry system	Continuous				100.0% 100.0%	100.0% 100.0%	100.0% 100.0%	100.0% 100.0%	100.0% 100.0%	100.0% 100.0%
Administration of Human Resource recruitment and selection.	Continuous				1	1	1	1	1	1
Update of Skills Development Plan	Number				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Oversee that training in terms of the Skills Development Plan is being implemented.	Continuous				4	4	4	4	4	4
Reclaim all monies due in term of S Development Plan.	4									
Vote 4 - Community Service										
Function 1 - Community					2	2	2	2	2	2
Number with VIP toilets	Number				1	1		1	1	
	Number Complete testing staion									
This indicator reflects the number of single residential properties that the Municipality is aware of which are receiving a weekly door to door refuse removal service.	Number (1500)									
Vote 5 - Techical Service					6	5	1.5	6	5	1.5
Function 1 - Technical					1			1		
Construction of internal roads	Kilomeetre									
Vote 7 - Water Unit										
Function 1 - Water					95%	95%	95%	95%	95%	95%
Water control and management – breaks and losses – daily, weekly and monthly.	Continuous				95%	95%	95%	95%	95%	95%
Water breaks must be repaired within twelve (12) hours after break has been reported.	Continuous				95%	95%	95%	95%	95%	95%
Managing total water supply system to ensure sufficient water provision.	Continuous				12	12	12	12	12	12
Monitoring of water quality and testing	Monthly									

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The following table sets out the municipalities main performance objectives and benchmarks for the 2018/19 MTREF

Table 28– Table SA8: Performance indicators and benchmarks.

NC451 Joe Morolong - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.9%	0.9%	1.6%	0.5%	0.4%	0.4%	0.0%	0.1%	0.1%	0.1%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	2.1%	5.6%	5.8%	2.0%	1.1%	1.1%	0.0%	0.5%	0.5%	0.5%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity											
Current Ratio	Current assets/current liabilities	1.4	0.0	0.8	85.4	139.9	139.9	–	507.4	579.3	646.9
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.4	0.0	0.8	85.4	139.9	139.9	–	507.4	579.3	646.9
Liquidity Ratio	Monetary Assets/Current Liabilities	–	–	0.0	22.8	27.3	27.3	–	118.6	145.8	164.8
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		62.8%	36.0%	14.7%	95.0%	96.1%	96.1%	0.0%	81.7%	81.7%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		62.8%	36.0%	14.7%	95.0%	96.1%	96.1%	0.0%	81.7%	81.7%	81.7%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	24.8%	2.2%	46.6%	26.6%	36.8%	36.8%	0.0%	35.9%	36.4%	37.0%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within`MFMA' s 65(e))	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Creditors to Cash and Investments		471.0%	-1799.1%	-220.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	20.2%	29.5%	38.2%	33.0%	31.7%	31.7%	0.0%	38.1%	37.9%	37.8%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	23.4%	36.5%	0.0%	38.9%	37.4%	37.4%		44.3%	44.1%	43.9%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	4.8%	15.9%	0.7%	3.1%	3.6%	3.6%		3.2%	3.3%	3.3%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	11.4%	31.6%	8.0%	6.4%	5.7%	5.7%	0.0%	9.9%	11.7%	12.4%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	19.1	22.9	1,044.0	6.2	6.2	6.2	–	65.4	66.4	71.6
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	177.5%	10.0%	186.9%	115.2%	141.7%	141.7%	0.0%	131.2%	133.0%	134.4%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	6.6	(0.3)	(2.2)	2.3	(0.0)	(0.0)	–	2.7	2.9	3.2

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Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, municipality borrowing strategy is primarily informed by the affordability of debt repayments. The following financial performance indicators have formed part of the compilation of the 2018/19 MTREF:

- *Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to the operating expenditure.

- *Capital charges to own revenue* is a measure of the cost of borrowing in relation to the municipality's own revenue.

Revenue Management

As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow?, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection. The revenue enhancement strategy is on draft stage.

Creditors Management

The municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure more than 95 per cent compliance rate to this legislative obligation. This has had a favorable impact on suppliers" perceptions of risk of doing business with the municipality, which is expected to benefit the municipality in the form of more competitive pricing of tenders, as suppliers compete for the municipality's business. The previous two financial years creditors' balances were R 104 and R 64 million for 2016/17 and 2015/2016 respectively

2.8 OVERVIEW BUDGET RELATED POLICIES

The municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

a) Budget, Funding, Reserves and Virement Policy

The policy aim to set out; the principles which the municipality will follow in preparing each medium term revenue and expenditure framework budget, responsibilities of the mayor , the accounting officer , the chief financial officer and other senior managers in compiling the budget and to establish and maintain procedures to ensure adherence Joe Morolong Municipality's IDP review and budget processes.

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b) Banking and Investment Policy

The policy aim to gain the optimal return on banking and investments, without incurring undue risks, during those periods when cash revenues are not needed for capital or operational purposes. The effectiveness of the policy is dependent on the accuracy of the municipality's cash management programme, which must identify the amounts surplus to the municipality's needs, as well as the time when and period for which such revenues are surplus.

c) Credit Control and Debt Collection Policy

The policy aim to maximize revenue by timeously collecting all moneys owed to the municipality; ensure that action are taken to recover arrear debt is warranted and fair; to enable Joe Morolong Local Municipality to develop and maintain a sustainable service delivery relationship with its customers; to deliver excellent service to the communities of Joe Morolong Local Municipality in return for payment of their rates and service accounts and encourage and inculcate the culture of payment.

The municipality has registered with the Windeed which will assist in data cleansing and the credit worthiness check of consumers when they apply for the municipal services.

Tariffs Policy

The policy aim to empower council with among other things, the levying of fees for municipal services provided by the municipality itself or by way of service delivery agreements. To determine fair, transparent and affordable charges based on its economic regions and their impact on local economic development.

d) Unauthorised, irregular ,Fruitless and Wasteful Expenditure Policy

The policy aim to provide for measures to identify unauthorised, irregular or fruitless and wasteful expenditure; provide for frameworks to avoid of any irregular expenditure or any fruitless and wasteful expenditure; provide for recovery of irregular expenditure or any fruitless and wasteful expenditure and to provide for reporting on any irregular expenditure or any fruitless and wasteful expenditure.

e) Supply Chain Management Policy

The policy aim to ensure sound, sustainable and accountable supply chain management practices within the municipality, whilst promoting black economic empowerment as a priority in terms of the goals and objectives of the municipality's preferential procurement policy.

The above policies will be available on the municipal website (www.joemorolong.gov.za) as well as the following:

- Property Rates policy
- Fixed Assets policy
- Indigent Policy
- Risk Management Policy
- Cash Shortage Policy
- Bad Debt Written Off Policy
- Asset Management Policy
- Petty Cash Policy

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2.9 Overview of budget assumptions

a) Inflation

There are some factors that have been taken into consideration in the compilation of the 2018/19 budget:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on municipal residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration. Employee related costs comprise 37.7 per cent of total operating expenditure in the 2018/19 MTREF.

b) Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher that CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection currently has been budgeted at 65 per cent of annual billings for rates, services, rents, and for other revenue. The performance of arrear collections have been budgeted at 90 per cent collection for 2018/19 MTREF. There is only one official to responsible for debt collection. The data cleansing exercise may take time resulting in a possibility of under-collection.

c) Salary increases

The wage agreement has not yet been concluded between SALGBC and municipal workers unions which can be a little risky based on the previous agreements that was signed. The municipality has budget salary increase of 7.0 percent and in case the agreement will be below the budgeted increase,

this will be good as it will be the additional money available on improving of service delivery.

d) Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- EPWP and LED through the capital projects
- Provision of clean water
- Sanitation
- Electricity; and

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

e) Ability of the municipality to spend and deliver on the programmes

It is estimated that spending rate at an average of at least 98 per cent is to be achieved on operating expenditure and average of 99 per cent on the capital programme for the 2018/19 MTREF of which performance has been factored into the cash flow budget.

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2.10 Overview of budget funding

a) Operating Revenue

The following table is a breakdown of the operating revenue over medium term:

Table 29 – Breakdown of the operating revenue over medium term

R thousand	Budget Year 2018/19	%	Budget Year +1 2019/20	%	Budget Year +2 2020/21	%
Property rates	26,622,631.71	14%	28,086,875.85	14%	29,631,654.10	14%
Service charges - electricity revenue	4,733,771.25	3%	6,025,616.85	3%	7,670,009.07	4%
Service charges - water revenue	12,321,096.97	7%	12,998,757.31	7%	13,713,688.96	6%
Service charges - sanitation revenue	2,102,754.43	1%	2,218,405.93	1%	2,340,418.25	1%
Service charges - refuse revenue	1,210,540.61	1%	1,277,120.34	1%	1,347,361.96	1%
Rental of facilities and equipment	136,304.00	0%	143,680.00	0%	151,457.00	0%
Interest earned - external investments	1,000,000.00	1%	1,055,000.00	1%	1,113,025.00	1%
Agency services	10,000.00	0%	10,550.00	0%	11,130.00	0%
Transfers and subsidies	133,787,000.00	73%	144,083,000.00	73%	154,410,000.00	72%
Other revenue	2,378,398.00	1%	2,508,986.48	1%	2,646,742.40	1%
Total Revenue (excluding capital transfers and contributions)	**184,302,496.97**	**100%**	**198,407,992.76**	**100%**	**213,035,486.75**	**100%**

Tariff setting plays a major role in ensuring the desired level of revenue, even though the municipality is still dependent on grants. Getting the tariff setting right assist in the compilation of credible and funded budget. The municipality derives its operational revenue from provision of services namely: water, electricity, sanitation and solid waste removal including property rates. The operational grants plays a major role in the municipal budget funding.

b) Capital Revenue

The following table is a breakdown of the capital revenue over medium term:

Table 30 – Breakdown of the capital funding over medium term

R thousand	Budget Year 2018/19	%	Budget Year +1 2019/20	%	Budget Year +2 2020/21	%
Funded by:						
National Government	113,868	93.65%	107,916	94.7%	166,933	96.3%
Provincial Government	10	0.01%		0.0%		0.0%
District Municipality				0.0%		0.0%
Other transfers and grants				0.0%		0.0%
Transfers recognised - capital	**113,878**	**93.66%**	**107,916**	**94.7%**	**166,933**	**96.3%**
Public contributions & donations				0.0%		0.0%
Borrowing				0.0%		0.0%
Internally generated funds	7,712	6.34%	6,019	5.3%	6,350	3.7%
Total Capital Funding	**120,534**	100%	**112,910**	100.0%	**172,182**	100.0%

-Capital grants and receipts equates to 94% of the total funding source which represents R121 Million for the 2018/19 financial year and steadily decrease to R112.9 million

Table 31 – Table SA18: Breakdown of the capital funding over medium term

NC451 Joe Morolong - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
RECEIPTS:	1, 2									
Capital Transfers and Grants										
National Government:		124,044	138,449	143,023	106,060	106,060	106,060	116,324	110,025	168,846
Municipal Infrastructure Grant (MIG)		57,058	63,599	57,839	61,060	61,060	61,060	58,824	60,025	63,346
Regional Bulk Infrastructure		5,017	14,850							
Municipal Water Infrastructure Grant		50,000	60,000							
EPWP		1,969								
Water Operation and Subsidy Grant		10,000								
Water Services Infrastructure Grant				85,184	45,000	45,000	45,000	57,500	50,000	105,500
Provincial Government:		–	–	–	–	–	–	–	–	–
Other capital transfers/grants [insert description]										
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]										
Other grant providers:		–	–	13,934	–	–	–	–	–	–
South 32 Mine0				13,934						
Total Capital Transfers and Grants	5	124,044	138,449	156,957	106,060	106,060	106,060	116,324	110,025	168,846
TOTAL RECEIPTS OF TRANSFERS & GRANTS		230,802	281,514	286,293	232,446	231,696	231,696	250,111	254,108	325,176

c) Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below provides understanding for Councillors and management. Some specific feature includes:

- Clear separation of receipts and payment by category
- Clear separation of government capital and operating receipts, which enables cash from ratepayers and other; to be provided for as cash inflow based on their actual performance and assist in determining collection rate for the municipality.
- Separation of borrowing and loan repayments.

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The table below shows that cash and cash equivalent of the municipality. The 2018/19 MTREF show a steadily increase in cash and cash equivalent at the end of financial years. The budgeted cash flow for 2018/19 provide for a net increase in cash of R 2.3 million resulting in an overall projected positive cash position of R 20.6 million.

Table 32 – Table A7: Budgeted cash flow management

:451 Joe Morolong - Table A7 Budgeted Cash Flows

scription		2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditu Framework		
housand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budg Year + 2020/
SH FLOW FROM OPERATING TIVITIES											
ceipts											
Property rates		8,989			12,401	25,371	25,371		17,305	18,256	23,70
Se charges		11,545	14,869	6,235	24,456	20,984	20,984		13,239	14,638	20,05
Other revenue		85,346	482		811	1,833	1,833		2,521	2,631	2,777
Government – operating	1	96,758	118,229	118,680	127,801	127,051	127,051		133,787	144,083	154,4
Government – capital	1	116,771	118,420	167,613	103,007	103,007	103,007		116,324	110,025	168,8
nterest		1,155	2,706	2,042	55	6,431	6,431		1,000	844	890
Dividends									–	–	–
yments											
Suppliers and employees		(127,083)	(91,608)	(135,866)	(137,187)	(139,057)	(139,057)		(140,865)	(149,813)	(159,0
Finance charges		(202)	(3,664)	(3,000)	(784)	(656)	(656)		(269)	(284)	(300)
Transfers and Grants	1	(18,379)	(52,992)	(25,225)	(5,143)	(4,043)	(4,043)		(4,215)	(4,447)	(4,691
T CASH FROM/(USED) OPERATING TIVITIES		174,898	106,443	130,480	125,416	140,922	140,922	–	138,827	135,933	206,5
SH FLOWS FROM INVESTING TIVITIES											
ceipts											
Proceeds on disposal of PPE									–	–	–
Decrease (Increase) in non-current tors									–	–	–
Decrease (increase) other non-current eivables									–	–	–
D ease (increase) in non-current nts		362		(18,145)					–	–	–
yments											
Capital assets		(181,312)	(127,184)	(133,492)	(114,264)	(114,613)	(114,613)		(120,535)	(112,910)	(172,1
T CASH FROM/(USED) INVESTING TIVITIES		(180,951)	(127,184)	(151,637)	(114,264)	(114,613)	(114,613)	–	(120,535)	(112,910)	(172,1
SH FLOWS FROM FINANCING TIVITIES											
ceipts											
Short term loans									–	–	–
Borrowing long term/refinancing									–	–	–
ncrease (decrease) in consumer deposits									–	–	–
yments											
Repayment of borrowing		(638)	649	(327)					–	–	–
T CASH FROM/(USED) FINANCING TIVITIES		(638)	649	(327)	–	–	–	–	–	–	–
T INCREASE/ (DECREASE) IN CASH LD		(6,691)	(20,092)	(21,485)	11,152	26,308	26,308	–	18,293	23,023	34,41
Cash/cash equivalents at the year begin:	2	15,216	15,431	(5,228)	12,377	(26,713)	(26,713)		2,340	20,633	43,65
Cash/cash equivalents at the year end:	2	8,525	(4,661)	(26,713)	23,529	(405)	(405)		20,633	43,656	78,07

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Table 33 – Table SA10: Funding Compliance Measurement

NC451 Joe Morolong Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	8,525	(4,661)	(26,713)	23,529	(405)	(405)	–	20,633	43,656	78,071
Cash + investments at the yr end less applications - R'000	18(1)b	2	121,455	(12,157)	(79,500)	60,500	76,006	76,006	–	68,477	77,771	97,417
Cash year end/monthly employee/supplier payments	18(1)b	3	6.6	(0.5)	(2.3)	2.3	(0.0)	(0.0)	–	1.8	3.6	6.0
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	210,579	109,929	140,581	111,113	114,613	114,613	–	122,189	114,842	174,355
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	20.6%	(3.1%)	(14.9%)	18.3%	(6.0%)	(106.0%)	(6.6%)	1.7%	2.1%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	278.0%	29.7%	11.3%	94.8%	84.9%	84.9%	0.0%	66.8%	66.7%	80.9%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	(183.1%)	0.1%	0.0%	8.0%	6.4%	6.4%	0.0%	42.7%	42.1%	41.2%
Capital payments % of capital expenditure	18(1)c;19	8	138.3%	70.0%	100.0%	100.0%	100.2%	100.2%	0.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								99.9%	100.0%	100.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	(72.9%)	407.1%	(43.7%)	52.3%	0.0%	(100.0%)	(0.8%)	9.0%	9.0%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0.9%	1.8%	0.1%	0.3%	0.4%	0.4%	0.0%	0.2%	0.3%	0.3%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	10.4%	11.1%	14.5%

Cash and Cash equivalents

The municipality's cash position was discussed as part of the budgeted cash flow statement. If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2016/17 shows R 20.6 million.

Cash and Investments less applications

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. A positive" cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

Cash at year end/monthly employee and supplier payments

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The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection. Remarkably, the ratio has been fluctuating for the period 2016/17 to 2017/18 moving from 1.2 to (2.2) with the adopted 2017/18 outcome. In 2018/19 adopted budget the ratio was at positive and after revised budget increased to 2.0, as part of the 2016/17 MTREF the municipality continues to strive in improve cash position though the ratio to move downwards to 1.8 and then continue to increase over the MTREF. As indicated above the municipality will be able to cover the municipality's employee and supplier payments.

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Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

Service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in revenue, which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by the maximum macro-economic inflation target increase (which is currently 3-6 per cent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage increase to 1.1 % then increases slightly to 1.5 then increase to 1.9 per cent for the

respective two outer financial years. The increase in revenue is as results of property rates which were informed by the updated valuation roll whereby the rates revenue increased in 2018/19 financial year. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 5.2 per cent, with the increase in water at 5.2 per cent. This trend will have to be carefully monitored and managed with the implementation of the budget.

Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are collected. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 90 per cent for each of the respective financial years. It must be noted that service charges, property rate and rent is calculated at the collection rate of 90 per cent.

In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be precisely managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

Debt Impairment expense as % of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 42.7, 42.1 and 41.2 per cent over the MTREF.

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Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. The municipality aims to

keep this as low as possible through strict compliance with the legislative requirement that debtors. Creditors be paid within 30 days.

Borrowing Receipts % of Capital Expenditure

The purpose of this measurement is to determine the proportion of a municipality's own-funded capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. The municipality will not be utilizing external borrowing for any of its capital projects and therefore the ratio is 0%.

Transfers / Grants Revenue as a % of Government Grants Available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The municipality has budgeted for all transfers.

Current Consumer Debtors % change

The purpose of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. The municipality is currently data cleansing which will reduce the debtor's arrears.

Repairs and Maintenance expenditure levels

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected.

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Asset renewal as % of capital budget

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability

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2.11 Expenditure on grants and reconciliations of unspent funds

Table 34 – Table SA19 - Expenditure on transfers and grants programmes

NC451 Joe Morolong - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		105,789	142,694	117,851	124,748	123,998	123,998	132,297	142,445	154,922
Local Government Equitable Share		93,255	115,253	115,068	121,603	121,603	121,603	128,635	139,765	149,890
Water Services Operating Subsidy		10,000	22,500			–	–			
Finance Management		1,600	1,675	1,742	2,145	2,145	2,145	2,215	2,680	3,112
Municipal Systems Improvement		934	930		1,000	250	250			
EPWP Incentive			2,336	1,041		–	–	1,447		
Integrated National Electrification Programme										1,920
Other transfers/grants [insert description]										
Provincial Government:		969	371	11,485	1,638	1,638	1,638	1,490	1,638	1,408
Sport and Recreation		969	371	1,870	1,638	1,638	1,638	1,490	1,638	1,408
Housing				9,615						
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]										
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]										
Total operating expenditure of Transfers and Grants:		106,758	143,065	129,336	126,386	125,636	125,636	133,787	144,083	156,330
Capital expenditure of Transfers and Grants										
National Government:		124,044	138,449	143,023	106,060	106,060	106,060	116,324	110,025	168,846
Municipal Infrastructure Grant (MIG)		57,058	63,599	57,839	61,060	61,060	61,060	58,824	60,025	63,346
Regional Bulk Infrastructure		5,017	14,850							
Municipal Water Infrastructure Grant		50,000	60,000							
EPWP		1,969								
Water Operation and Subsidy Grant		10,000								
Water Services Infrastructure Grant				85,184	45,000	45,000	45,000	57,500	50,000	105,500
Provincial Government:				85,184	45,000	45,000	45,000	57,500	50,000	105,500
Other capital transfers/grants [insert description]										
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]										
Other grant providers:		–	–	13,934	–	–	–	–	–	–
South 32 Mine0				13,934						
Total capital expenditure of Transfers and Grants		124,044	138,449	242,141	151,060	151,060	151,060	173,824	160,025	274,346
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		230,802	281,514	371,477	277,446	276,696	276,696	307,611	304,108	430,676

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Table35- SA21- Allocation and grants made by the municipality

NC451 Joe Morolong - Supporting Table SA21 Transfers and grants made by the municipality

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budge Year + 2020/2
Cash Transfers to other municipalities											
Insert description	1										
Total Cash Transfers To Municipalities:		–	–	–	–	–	–	–	–	–	–
Cash Transfers to Entities/Other External Mechanisms											
Insert description	2										
Total Cash Transfers To Entities/Ems'		–	–	–	–	–	–	–	–	–	–
Cash Transfers to other Organs of State											
Insert description	3										
Total Cash Transfers To Other Organs Of State:		–	–	–	–	–	–	–	–	–	–
Cash Transfers to Organisations											
Insert description											
Total Cash Transfers To Organisations		–	–	–	–	–	–	–	–	–	–
Cash Transfers to Groups of Individuals											
Insert description											
Total Cash Transfers To Groups Of Individuals:		–	–	–	–	–	–	–	–	–	–
TOTAL CASH TRANSFERS AND GRANTS	6	–	–	–	–	–	–	–	–	–	–
Non-Cash Transfers to other municipalities											
Insert description	1										
Non-Cash Transfers To Municipalities:		–	–	–	–	–	–	–	–	–	–
Non-Cash Transfers to Entities/Other External Mechanisms											
Total Non-Cash Transfers To Entities/Ems'		–	–	–	–	–	–	–	–	–	–
Non-Cash Transfers to other Organs of State											
Insert description	3										
Total Non-Cash Transfers To Other Organs Of State:		–	–	–	–	–	–	–	–	–	–
Non-Cash Grants to Organisations											
Insert description	4										
Total Non-Cash Grants To Organisations		–	–	–	–	–	–	–	–	–	–
Groups of Individuals											
Insert description	5	18,379	60,604	25,225	5,143	4,043	4,043		4,215	4,447	4,691
Total Non-Cash Grants To Groups Of Individuals:		18,379	60,604	25,225	5,143	4,043	4,043	–	4,215	4,447	4,691
TOTAL NON-CASH TRANSFERS AND GRANTS		18,379	60,604	25,225	5,143	4,043	4,043	–	4,215	4,447	4,691
TOTAL TRANSFERS AND GRANTS	6	18,379	60,604	25,225	5,143	4,043	4,043	–	4,215	4,447	4,691

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Table 36 SA 22-Councillor and Staff benefits

NC451 Joe Morolong - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
	1	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		5,536	5,869		6,480	6,480	6,480	6,954	7,461	8,006
Pension and UIF Contributions		–	–		972	972	972	1,043	1,119	1,201
Medical Aid Contributions		–	–		–	–	–			
Motor Vehicle Allowance		2,043	2,166		2,261	2,261	2,261	2,926	3,140	3,369
Cellphone Allowance		374	397		710	710	710	761	817	877
Housing Allowances										
Other benefits and allowances										
Sub Total - Councillors		7,954	8,431	–	10,423	10,423	10,423	11,684	12,537	13,452
% increase	4		6.0%	(100.0%)	–	–	–	12.1%	7.3%	7.3%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		3,152	2,894		3,151	3,658	3,658	3,583	3,845	4,125
Pension and UIF Contributions					561	702	702	656	704	756
Medical Aid Contributions					160	65	65	191	205	220
Overtime					–	–	–		–	–
Performance Bonus					–	–	–		–	–
Motor Vehicle Allowance	3	904	1,202		1,771	1,382	1,382	1,483	1,591	1,707
Cellphone Allowance	3	29	14		110	72	72	122	131	141
Housing Allowances	3	818	235		554	980	980	1,052	1,128	1,211
Other benefits and allowances	3	498	626		0	1	1	1	1	1
Payments in lieu of leave						–	–		–	–
Long service awards						–	–			
Post-retirement benefit obligations	6					–	–			
Sub Total - Senior Managers of Municipality		5,402	4,971	–	6,308	6,860	6,860	7,088	7,606	8,161
% increase	4		(8.0%)	(100.0%)	–	8.8%	–	3.3%	7.3%	7.3%
Other Municipal Staff										
Basic Salaries and Wages		23,465	30,765		29,358	30,799	30,799	42,451	45,517	48,654
Pension and UIF Contributions		4,516	1,179		5,386	5,811	5,811	8,543	9,165	9,814
Medical Aid Contributions		2,825	3,178		2,685	3,350	3,350	3,248	3,485	3,728
Overtime		1,698	1,766		1,105	1,233	1,233	859	919	983
Performance Bonus		2,020	2,011		2,498	2,341	2,341	3,621	3,882	4,163
Motor Vehicle Allowance	3	4,774	7,159		3,610	4,735	4,735	3,225	3,293	3,465
Cellphone Allowance	3	403	500		1,329	1,493	1,493	534	573	588
Housing Allowances	3	1,306	2,529		2,537	1,949	1,949	1,963	2,107	2,233
Other benefits and allowances	3	408	5,419		516	612	612	499	534	573
Payments in lieu of leave										
Long service awards		112	2,208							
Post-retirement benefit obligations	6									
Sub Total - Other Municipal Staff		41,527	56,714	–	49,025	52,323	52,323	64,944	69,475	74,201
% increase	4		36.6%	(100.0%)	–	6.7%	–	24.1%	7.0%	6.8%
Total Parent Municipality		54,882	70,116	–	65,755	69,605	69,605	83,716	89,617	95,814
			27.8%	(100.0%)	–	5.9%	–	20.3%	7.0%	6.9%

Board Members of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Board Fees										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Board Members of Entities		–	–	–	–	–	–	–	–	–
% increase	4		–	–	–	–	–	–	–	–
Senior Managers of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Entities		–	–	–	–	–	–	–	–	–
% increase	4		–	–	–	–	–	–	–	–
Other Staff of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Other Staff of Entities		–	–	–	–	–	–	–	–	–
% increase	4		–	–	–	–	–	–	–	–
Total Municipal Entities		–	–	–	–	–	–	–	–	–
TOTAL SALARY, ALLOWANCES & BENEFITS		54,882	70,116	–	65,755	69,605	69,605	83,716	89,617	95,814
% increase	4		27.8%	(100.0%)	–	5.9%	–	20.3%	7.0%	6.9%
TOTAL MANAGERS AND STAFF	5,7	46,929	61,684	–	55,332	59,182	59,182	72,032	77,080	82,362

Table 36- SA23 salaries, allowances & benefits

NC451 Joe Morolong - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1. Rand per annum	Ref	No.	Salary	Contributions 1.	Allowances	Performance Bonuses	In-kind benefits	Total Package 2.
Councillors	3							
Speaker	4		370,644	65,408	204,550			640,602
Chief Whip			358,550	121,274	177,686			657,510
Executive Mayor			465,664	82,176	241,813			789,653
Deputy Executive Mayor								–
Executive Committee			1,401,128	247,258	786,263			2,434,649
Total for all other councillors			3,462,396	553,011	2,565,845			6,581,252
Total Councillors	8	–	6,058,382	1,069,127	3,976,157			11,103,666
Senior Managers of the Municipality	5							
Municipal Manager (MM)			840,475	147,031	574,436			1,561,942
Chief Finance Officer			581,621	420,813	432,477			1,434,911
								–
List of each offical with packages >= senior manager								
DIRECTOR: CORPORATE SERVICES			557,834	431,771	456,264			1,445,869
DIRECTOR COMMUNITY SERVICES			557,834	388,634	456,264			1,402,732
DIRECTOR TECHNICAL SERVICES			557,834	405,928	456,264			1,420,026
DIRECTOR: PLANNING & DEVELOPMENT			568,122	421,474	445,976			1,435,572
								–
Total Senior Managers of the Municipality	8,10	–	3,663,720	2,215,652	2,821,682	–		8,701,053
A Heading for Each Entity	6,7							
List each member of board by designation								–
Total for municipal entities	8,10	–	–	–	–	–		–
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	–	9,722,102	3,284,779	6,797,839	–		19,804,720

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Table 35 – Table SA20 – Reconciliation of transfers, grants receipts and unspent funds

NC451 Joe Morolong - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts		105,789	142,694	117,851	124,748	123,998	123,998	132,297	142,445	153,002
Conditions met - transferred to revenue		105,789	142,694	117,851	124,748	123,998	123,998	132,297	142,445	153,002
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts		969	371	11,485	1,638	1,638	1,638	1,638	1,638	1,408
Conditions met - transferred to revenue		969	371	11,485	1,638	1,638	1,638	1,638	1,638	1,408
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		106,758	143,065	129,336	126,386	125,636	125,636	133,935	144,083	154,410
Total operating transfers and grants - CTBM	2	–	–	–	–	–	–	–	–	–
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts		124,044	138,449	143,023	106,060	106,060	106,060	116,324	110,025	168,846
Conditions met - transferred to revenue		124,044	138,449	143,023	106,060	106,060	106,060	116,324	110,025	168,846
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		–	–	–	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts		–	–	13,934	–	–	–	–	–	–
Conditions met - transferred to revenue		–	–	13,934	–	–	–	–	–	–
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		124,044	138,449	156,957	106,060	106,060	106,060	116,324	110,025	168,846
Total capital transfers and grants - CTBM	2	–	–	–	–	–	–	–	–	–
TOTAL TRANSFERS AND GRANTS REVENUE		230,802	281,514	286,293	232,446	231,696	231,696	250,259	254,108	323,256
TOTAL TRANSFERS AND GRANTS - CTBM		–	–	–	–	–	–	–	–	–

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Table 36 – Table SA 24 – Summary of personnel numbers

NC451 Joe Morolong - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers	Ref	2016/17			Current Year 2017/18			Budget Year 2018/19		
Number	1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		29		29	29		29	29		29
Board Members of municipal entities	4									
Municipal employees	5									
Municipal Manager and Senior Managers	3	6		6	6		6	1		1
Other Managers	7	12	12	–	12	12	–	18	13	
Professionals		16	17	7	16	17	7	–	–	–
Finance		6	7	7	6	7	7			
Spatial/town planning										
Information Technology										
Roads										
Electricity										
Water		1	–		1	–		–	–	
Sanitation										
Refuse										
Other		9	10	–	9	10	–			
Technicians		63	64	–	64	64	–	110	73	–
Finance		1			1					
Spatial/town planning		1	1		1	1		1	1	
Information Technology		2	2		2	2		3	3	
Roads		4	4		4	4		18		
Electricity								1		
Water								69	55	
Sanitation								7	6	
Refuse		56	57		56	57		11	8	
Other										
Clerks (Clerical and administrative)										
Service and sales workers										
Skilled agricultural and fishery workers		26	26		26	26				
Craft and related trades		90	90		90	90				
Plant and Machine Operators										
Elementary Occupations										
TOTAL PERSONNEL NUMBERS	9	242	209	42	243	209	42	158	86	30
% increase					0.3%	0.1%	(0.6%)	(35.0%)	(58.9%)	(28.6%)
Total municipal employees headcount	6, 10									
Finance personnel headcount	8, 10	37	37	5	38	38	5	45	29	–
Human Resources personnel headcount	8, 10	20	20		21	20		39	34	1

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2.12 Monthly targets for revenue, expenditure and cash flow

Table 37 – Table SA 25 – Budgeted monthly revenue and expenditure

NC451 Joe Morolong - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue By Source																
Property rates			26,623										–	26,623	28,087	29,632
Service charges - electricity revenue		394	394	394	394	394	394	394	394	394	394	394	394	4,734	6,026	7,670
Service charges - water revenue		933	933	933	933	933	933	933	933	933	933	933	2,056	12,321	12,999	13,714
Service charges - sanitation revenue		175	175	175	175	175	175	175	175	175	175	175	175	2,103	2,218	2,340
Service charges - refuse revenue		101	101	101	101	101	101	101	101	101	101	101	101	1,211	1,277	1,347
Service charges - other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment		11	11	11	11	11	11	11	11	11	11	11	11	136	144	151
Interest earned - external investments				250			250			250		250	–	1,000	1,055	1,113
Interest earned - outstanding debtors												–	–	–	–	–
Dividends received												–	–	–	–	–
Fines, penalties and forfeits												–	–	–	–	–
Licences and permits												–	–	–	–	–
Agency services					1	1	1	1	1	1	1	1	1	10	11	11
Transfers and subsidies		68,001					39,025	745		26,016			–	133,787	144,083	154,410
Other revenue		199	199	199	199	199	199	199	199	199	199	199	189	2,378	2,509	2,647
Gains on disposal of PPE													–	–	–	–
Total Revenue (excluding capital transfers and con		69,815	28,437	2,064	1,815	1,815	41,090	2,560	1,815	28,082	1,815	2,065	2,928	184,302	198,408	213,035
Expenditure By Type																
Employee related costs		5,181	5,181	5,181	5,181	10,362	5,181	5,181	5,181	5,181	5,181	5,181	5,181	67,354	72,100	76,968
Remuneration of councillors		925	925	925	925	925	925	925	925	925	925	925	925	11,104	11,914	12,784
Debt impairment		1,674	1,674	1,674	1,674	1,674	1,674	1,674	1,674	1,674	1,674	1,674	1,674	20,087	21,299	22,560
Depreciation & asset impairment		1,083	1,083	1,083	1,083	1,083	1,083	1,083	1,083	1,083	1,083	1,083	1,083	13,001	17,748	20,877
Finance charges		22	22	22	22	22	22	22	22	22	22	22	22	269	284	300
Bulk purchases		1,143	1,143	1,143	1,143	1,143	1,143	1,143	1,143	1,143	1,143	1,143	1,143	13,716	14,471	15,267
Other materials		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Contracted services		746	746	746	746	746	746	746	746	746	746	746	746	8,950	9,442	9,962
Transfers and subsidies		351	351	351	351	351	351	351	351	351	351	351	351	4,215	4,447	4,691
Other expenditure		3,312	3,312	3,312	3,312	3,312	3,312	3,312	3,312	3,312	3,312	3,312	3,312	39,741	41,886	44,118
Loss on disposal of PPE													–	–	–	–
Total Expenditure		14,438	14,438	14,438	14,438	19,619	14,438	14,438	14,438	14,438	14,438	14,438	14,438	178,438	193,591	207,526
Surplus/(Deficit)		55,377	13,999	(12,374)	(12,623)	(17,804)	26,652	(11,878)	(12,623)	13,644	(12,623)	(12,373)	(11,510)	5,865	4,817	5,509
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		58,162					34,897			23,265			–	116,324	110,025	168,845
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)													–	–	–	–
Transfers and subsidies - capital (in-kind - all)													–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		113,539	13,999	(12,374)	(12,623)	(17,804)	61,549	(11,878)	(12,623)	36,908	(12,623)	(12,373)	(11,510)	122,189	114,842	174,355
Taxation													–	–	–	–
Attributable to minorities													–	–	–	–
Share of surplus/ (deficit) of associate													–	–	–	–
Surplus/(Deficit)	1	113,539	13,999	(12,374)	(12,623)	(17,804)	61,549	(11,878)	(12,623)	36,908	(12,623)	(12,373)	(11,510)	122,189	114,842	174,355

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Table 38 – Table SA 26 – Budgeted monthly revenue and expenditure (municipal vote)

NC451 Joe Morolong - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue by Vote																
Vote 1 - Executive & Council		6,869											–	6,869	7,215	7,563
Vote 2 - Budget & Treasury Office		12,655	12,655	12,655	12,655	12,655	12,655	12,655	12,655	12,655	12,655	12,655	12,655	151,866	164,649	176,476
Vote 3 - Corporate Support Services		175	175	175	175	175	175	175	175	175	175	175	175	2,095	2,210	2,331
Vote 4 - Community Services		403	403	403	403	403	403	403	403	403	403	403	403	4,832	5,164	5,128
Vote 5 - Technical Services		4,903	4,903	4,903	4,903	4,903	4,903	4,903	4,903	4,903	4,903	4,903	4,903	58,834	60,036	63,357
Vote 6 - Electricity Services		394	394	394	394	394	394	394	394	394	394	394	394	4,734	6,026	7,670
Vote 7 - Water Services		5,821	5,821	5,821	5,821	5,821	5,821	5,821	5,821	5,821	5,821	5,821	5,821	69,851	63,030	119,247
Vote 8 - Development & Town Planning Services		129	129	129	129	129	129	129	129	129	129	129	129	1,546	104	109
Vote 9 - [NAME OF VOTE 9]													–	–	–	–
Vote 10 - [NAME OF VOTE 10]													–	–	–	–
Vote 11 - [NAME OF VOTE 11]													–	–	–	–
Vote 12 - [NAME OF VOTE 12]													–	–	–	–
Vote 13 - [NAME OF VOTE 13]													–	–	–	–
Vote 14 - [NAME OF VOTE 14]													–	–	–	–
Vote 15 - [NAME OF VOTE 15]													–	–	–	–
Total Revenue by Vote		31,349	24,480	24,480	24,480	24,480	24,480	24,480	24,480	24,480	24,480	24,480	24,480	300,626	308,433	381,881
Expenditure by Vote to be appropriated																
Vote 1 - Executive & Council		1,835	1,835	1,835	1,835	1,835	1,835	1,835	1,835	1,835	1,835	1,835	1,835	22,025	23,120	24,738
Vote 2 - Budget & Treasury Office		4,768	4,768	4,768	4,768	4,768	4,768	4,768	4,768	4,768	4,768	4,768	4,768	57,214	64,729	70,779
Vote 3 - Corporate Support Services		2,378	2,378	2,378	2,378	2,378	2,378	2,378	2,378	2,378	2,378	2,378	2,378	28,540	30,272	32,144
Vote 4 - Community Services		954	954	954	954	954	954	954	954	954	954	954	954	11,451	12,097	12,901
Vote 5 - Technical Services		633	633	633	633	633	633	633	633	633	633	633	633	7,594	7,991	8,064
Vote 6 - Electricity Services		880	880	880	880	880	880	880	880	880	880	880	880	10,564	11,736	12,489
Vote 7 - Water Services		2,866	2,866	2,866	2,866	2,866	2,866	2,866	2,866	2,866	2,866	2,866	2,866	34,393	36,557	38,861
Vote 8 - Development & Town Planning Services		555	555	555	555	555	555	555	555	555	555	555	555	6,658	7,089	7,550
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]													–	–	–	–
Vote 11 - [NAME OF VOTE 11]													–	–	–	–
Vote 12 - [NAME OF VOTE 12]													–	–	–	–
Vote 13 - [NAME OF VOTE 13]													–	–	–	–
Vote 14 - [NAME OF VOTE 14]													–	–	–	–
Vote 15 - [NAME OF VOTE 15]													–	–	–	–
Total Expenditure by Vote		14,870	14,870	14,870	14,870	14,870	14,870	14,870	14,870	14,870	14,870	14,870	14,870	178,438	193,591	207,526
Surplus/(Deficit) before assoc.		16,479	9,610	9,610	9,610	9,610	9,610	9,610	9,610	9,610	9,610	9,610	9,610	122,189	114,842	174,355
Taxation													–	–	–	–
Attributable to minorities													–	–	–	–
Share of surplus/ (deficit) of associate													–	–	–	–
Surplus/(Deficit)	1	16,479	9,610	9,610	9,610	9,610	9,610	9,610	9,610	9,610	9,610	9,610	9,610	122,189	114,842	174,355

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Table 39 – Table SA 27 – Budgeted monthly revenue and expenditure (standard classification).

NC451 Joe Morolong - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue - Functional																
Governance and administration		19,699	12,830	12,830	12,830	12,830	12,830	12,830	12,830	12,830	12,830	12,830	12,830	160,830	174,073	186,370
Executive and council		6,869											–	6,869	7,215	7,563
Finance and administration		12,830	12,830	12,830	12,830	12,830	12,830	12,830	12,830	12,830	12,830	12,830	12,830	153,961	166,858	178,807
Internal audit													–	–	–	–
Community and public safety		126	126	126	126	126	126	126	126	126	126	126	126	1,509	1,658	1,429
Community and social services		126	126	126	126	126	126	126	126	126	126	126	126	1,507	1,656	1,427
Sport and recreation		0	0	0	0	0	0	0	0	0	0	0	0	2	2	2
Public safety													–	–	–	–
Housing													–	–	–	–
Health													–	–	–	–
Economic and environmental services		5,031	5,031	5,031	5,031	5,031	5,031	5,031	5,031	5,031	5,031	5,031	5,055	60,390	60,150	63,478
Planning and development		5,029	5,029	5,029	5,029	5,029	5,029	5,029	5,029	5,029	5,029	5,029	5,053	60,370	60,129	63,455
Road transport		2	2	2	2	2	2	2	2	2	2	2	2	20	21	22
Environmental protection													–	–	–	–
Trading services		6,398	6,398	6,398	6,398	6,398	6,398	6,398	6,398	6,398	6,398	6,398	7,521	77,898	72,552	130,605
Energy sources		394	394	394	394	394	394	394	394	394	394	394	394	4,734	6,026	7,670
Water management		5,727	5,727	5,727	5,727	5,727	5,727	5,727	5,727	5,727	5,727	5,727	6,850	69,851	63,030	119,247
Waste water management		175	175	175	175	175	175	175	175	175	175	175	175	2,103	2,218	2,340
Waste management		101	101	101	101	101	101	101	101	101	101	101	101	1,211	1,277	1,347
Other													–	–	–	–
Total Revenue - Functional		31,253	24,384	24,384	24,384	24,384	24,384	24,384	24,384	24,384	24,384	24,384	25,531	300,626	308,433	381,881
Expenditure - Functional																
Governance and administration		8,306	8,306	8,306	8,306	8,306	8,306	8,306	8,306	8,306	8,306	8,306	16,414	107,778	118,121	127,661
Executive and council		1,998	1,998	1,998	1,998	1,998	1,998	1,998	1,998	1,998	1,998	1,998	42	22,025	23,120	24,738
Finance and administration		6,307	6,307	6,307	6,307	6,307	6,307	6,307	6,307	6,307	6,307	6,307	16,371	85,754	95,001	102,922
Internal audit													–	–	–	–
Community and public safety		633	633	633	633	633	633	633	633	633	633	633	633	7,591	7,961	8,467
Community and social services		633	633	633	633	633	633	633	633	633	633	633	633	7,591	7,961	8,467
Sport and recreation													–	–	–	–
Public safety													–	–	–	–
Housing													–	–	–	–
Health													–	–	–	–
Economic and environmental services		1,286	1,286	1,286	1,286	1,286	1,286	1,286	1,286	1,286	1,286	1,286	1,286	15,435	16,346	16,971
Planning and development		933	933	933	933	933	933	933	933	933	933	933	933	11,198	11,805	12,102
Road transport		353	353	353	353	353	353	353	353	353	353	353	353	4,237	4,540	4,869
Environmental protection													–	–	–	–
Trading services		3,969	3,969	3,969	3,969	3,969	3,969	3,969	3,969	3,969	3,969	3,969	3,969	47,633	51,163	54,427
Energy sources		880	880	880	880	880	880	880	880	880	880	880	880	10,564	11,736	12,489
Water management		2,866	2,866	2,866	2,866	2,866	2,866	2,866	2,866	2,866	2,866	2,866	2,866	34,393	36,557	38,861
Waste water management		90	90	90	90	90	90	90	90	90	90	90	90	1,081	1,159	1,243
Waste management		133	133	133	133	133	133	133	133	133	133	133	133	1,596	1,711	1,835
Other													–	–	–	–
Total Expenditure - Functional		14,194	14,194	14,194	14,194	14,194	14,194	14,194	14,194	14,194	14,194	14,194	22,302	178,438	193,591	207,526
Surplus/(Deficit) before assoc.		17,059	10,190	10,190	10,190	10,190	10,190	10,190	10,190	10,190	10,190	10,190	3,229	122,189	114,842	174,355
Share of surplus/ (deficit) of associate													–	–	–	–
Surplus/(Deficit)	1	17,059	10,190	10,190	10,190	10,190	10,190	10,190	10,190	10,190	10,190	10,190	3,229	122,189	114,842	174,355

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Table 40 – Table SA 28 – Budgeted monthly capital expenditure (municipal votes)

NC451 Joe Morolong - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Multi-year expenditure *to be appropriated*	1															
Vote 1 - Executive & Council													–	–	–	–
Vote 2 - Budget & Treasury Office													–	–	–	–
Vote 3 - Corporate Support Services													–	–	–	–
Vote 4 - Community Services		1,280	1,280	1,280	1,280	1,280	1,280	1,280	1,280	1,280	1,280	1,280	1,280	15,361	16,205	17,115
Vote 5 - Technical Services		1,076	1,076	1,076	1,076	1,076	1,076	1,076	1,076	1,076	1,076	1,076	1,076	12,907	13,617	14,366
Vote 6 - Electricity Services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 7 - Water Services		7,093	7,093	7,093	7,093	7,093	7,093	7,093	7,093	7,093	7,093	7,093	7,093	85,115	77,202	134,198
Vote 8 - Development & Town Planning Services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]													–	–	–	–
Vote 10 - [NAME OF VOTE 10]													–	–	–	–
Vote 11 - [NAME OF VOTE 11]													–	–	–	–
Vote 12 - [NAME OF VOTE 12]													–	–	–	–
Vote 13 - [NAME OF VOTE 13]													–	–	–	–
Vote 14 - [NAME OF VOTE 14]													–	–	–	–
Vote 15 - [NAME OF VOTE 15]													–	–	–	–
Capital multi-year expenditure sub-total	2	9,449	9,449	9,449	9,449	9,449	9,449	9,449	9,449	9,449	9,449	9,449	9,449	113,383	107,024	165,679
Single-year expenditure *to be appropriated*																
Vote 1 - Executive & Council													–	–	–	–
Vote 2 - Budget & Treasury Office		41	41	41	41	41	41	41	41	41	41	41	41	495	893	1,254
Vote 3 - Corporate Support Services		188	188	188	188	188	188	188	188	188	188	188	(463)	1,600	1,583	1,670
Vote 4 - Community Services		293	293	293	293	293	293	293	293	293	293	293	188	3,410	3,200	3,357
Vote 5 - Technical Services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 6 - Electricity Services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 7 - Water Services		42	42	42	42	42	42	42	42	42	42	42	(256)	200	211	223
Vote 8 - Development & Town Planning Services		121	121	121	121	121	121	121	121	121	121	121	121	1,447	–	–
Vote 9 - [NAME OF VOTE 9]													–	–	–	–
Vote 10 - [NAME OF VOTE 10]													–	–	–	–
Vote 11 - [NAME OF VOTE 11]													–	–	–	–
Vote 12 - [NAME OF VOTE 12]													–	–	–	–
Vote 13 - [NAME OF VOTE 13]													–	–	–	–
Vote 14 - [NAME OF VOTE 14]													–	–	–	–
Vote 15 - [NAME OF VOTE 15]													–	–	–	–
Capital single-year expenditure sub-total	2	684	684	684	684	684	684	684	684	684	684	684	(371)	7,152	5,886	6,504
Total Capital Expenditure	2	10,132	10,132	10,132	10,132	10,132	10,132	10,132	10,132	10,132	10,132	10,132	9,077	120,535	112,910	172,182

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Table 41 – Table SA 29 – Budgeted monthly capital expenditure (standard classification)

NC451 Joe Morolong - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital Expenditure - Functional	1															
Governance and administration		229	229	229	229	229	229	229	229	229	229	229	(421)	2,095	2,475	2,924
Executive and council													–	–	–	–
Finance and administration		229	229	229	229	229	229	229	229	229	229	229	(421)	2,095	2,475	2,924
Internal audit													–	–	–	–
Community and public safety		289	289	289	289	289	289	289	289	289	289	289	234	3,410	3,200	3,357
Community and social services		280	280	280	280	280	280	280	280	280	280	280	280	3,360	3,165	3,339
Sport and recreation		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Public safety		9	9	9	9	9	9	9	9	9	9	9	(46)	50	35	18
Housing													–	–	–	–
Health													–	–	–	–
Economic and environmental services		1,401	1,401	1,401	1,401	1,401	1,401	1,401	1,401	1,401	1,401	1,401	(1,053)	14,354	13,617	14,366
Planning and development		121	121	121	121	121	121	121	121	121	121	121	121	1,447	–	–
Road transport		1,280	1,280	1,280	1,280	1,280	1,280	1,280	1,280	1,280	1,280	1,280	(1,173)	12,907	13,617	14,366
Environmental protection													–	–	–	–
Trading services		8,214	8,214	8,214	8,214	8,214	8,214	8,214	8,214	8,214	8,214	8,214	10,318	100,676	93,618	151,535
Energy sources													–	–	–	–
Water management		1,080	1,080	1,080	1,080	1,080	1,080	1,080	1,080	1,080	1,080	1,080	73,438	85,315	77,413	134,420
Waste water management		7,135	7,135	7,135	7,135	7,135	7,135	7,135	7,135	7,135	7,135	7,135	(63,120)	15,361	16,205	17,115
Waste management													–	–	–	–
Other													–	–	–	–
Total Capital Expenditure - Functional	2	10,132	10,132	10,132	10,132	10,132	10,132	10,132	10,132	10,132	10,132	10,132	9,077	120,535	112,910	172,182
Funded by:																
National Government		9,489	9,489	9,489	9,489	9,489	9,489	9,489	9,489	9,489	9,489	9,489	9,489	113,868	107,916	166,933
Provincial Government				10									–	10	–	–
District Municipality													–	–	–	–
Other transfers and grants													–	–	–	–
Transfers recognised - capital		9,489	9,489	9,499	9,489	9,489	9,489	9,489	9,489	9,489	9,489	9,489	9,489	113,878	107,916	166,933
Public contributions & donations													–	–	–	–
Borrowing													–	–	–	–
Internally generated funds		643	643	643	643	643	643	643	643	643	643	643	(412)	6,657	4,994	5,250
Total Capital Funding		10,132	10,132	10,142	10,132	10,132	10,132	10,132	10,132	10,132	10,132	10,132	9,077	120,535	112,910	172,182

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Table 42– Table SA 30 – Budgeted monthly cash flow

NC451 Joe Morolong - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Cash Receipts By Source															
Property rates	1,442	1,442	1,442	1,442	1,442	1,442	1,442	1,442	1,442	1,442	1,442	1,442	17,305	18,258	23,705
Service charges - electricity revenue	256	256	256	256	256	256	256	256	256	256	256	256	3,077	3,917	6,136
Service charges - water revenue	667	667	667	667	667	667	667	667	667	667	667	667	8,009	8,449	10,971
Service charges - sanitation revenue	114	114	114	114	114	114	114	114	114	114	114	114	1,367	1,442	1,872
Service charges - refuse revenue	66	66	66	66	66	66	66	66	66	66	66	66	787	830	1,078
Service charges - other	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment	11	11	11	11	11	11	11	11	11	11	11	11	136	115	121
Interest earned - external investments			250			250			250			250	1,000	844	890
Interest earned - outstanding debtors												–			
Dividends received												–			
Fines, penalties and forfeits												–			
Licences and permits												–			
Agency services					1		1	1	1		1	–	7	7	8
Transfer receipts - operational	68,001				39,025		745		26,016			–	133,787	144,083	154,410
Other revenue	1,752	57	57	57	57	57	57	57	57	57	57	57	2,378	2,509	2,647
Cash Receipts by Source	72,309	2,614	2,864	2,614	2,615	41,888	3,360	2,615	28,881	2,614	2,615	2,864	167,852	180,452	201,840
Other Cash Flows by Source															
Transfer receipts - capital	58,162					34,897			23,285			–	116,324	110,025	168,846
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)												–			
Proceeds on disposal of PPE												–			
Short term loans												–			
Borrowing long term/refinancing												–			
Increase (decrease) in consumer deposits												–			
Decrease (Increase) in non-current debtors												–			
Decrease (increase) other non-current receivables												–			
Decrease (increase) in non-current investments												–			
Total Cash Receipts by Source	130,471	2,614	2,864	2,614	2,615	76,785	3,360	2,615	52,166	2,614	2,615	2,864	284,176	290,477	370,686
Cash Payments by Type															
Employee related costs	5,541	5,541	5,541	5,541	11,082	5,541	5,541	5,541	5,541	5,541	5,541	863	67,354	72,100	76,968
Remuneration of councillors	974	974	974	974	974	974	974	974	974	974	974	393	11,104	11,914	12,784
Finance charges	22	22	22	22	22	22	22	22	22	22	22	22	269	284	300
Bulk purchases - Electricity	602	602	602	602	602	602	602	602	602	602	602	287	6,905	7,284	7,685
Bulk purchases - Water & Sewer	576	576	576	576	576	576	576	576	576	576	576	476	6,812	7,186	7,582
Other materials	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Contracted services	1,800	1,800	1,800	1,800	800	800	–	100	100	100	100	150	8,950	9,442	9,962
Transfers and grants - other municipalities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and grants - other	351	351	351	351	351	351	351	351	351	351	351	351	4,215	4,447	4,691
Other expenditure	3,666	3,666	3,666	3,666	3,666	3,666	3,666	3,666	3,666	3,666	3,666	(583)	39,741	41,886	44,118
Cash Payments by Type	13,532	13,532	13,532	13,532	17,873	12,332	11,732	11,832	11,832	11,832	11,832	1,960	145,349	154,544	164,089
Other Cash Flows/Payments by Type															
Capital assets	10,132	10,132	10,132	10,132	10,132	10,132	10,132	10,132	10,132	10,132	10,132	9,077	120,535	112,910	172,182
Repayment of borrowing												–			
Other Cash Flows/Payments												–			
Total Cash Payments by Type	23,664	23,664	23,664	23,664	28,005	22,464	21,864	21,964	21,964	21,964	21,964	11,037	265,884	267,454	336,271
NET INCREASE/(DECREASE) IN CASH HELD	106,807	(21,050)	(20,800)	(21,050)	(25,390)	54,321	(18,504)	(19,349)	30,182	(19,350)	(19,349)	(8,174)	18,293	23,023	34,415
Cash/cash equivalents at the month/year begin:	2,340	109,147	88,097	67,296	46,246	20,856	75,177	56,673	37,324	67,506	48,156	28,806	2,340	20,633	43,656
Cash/cash equivalents at the month/year end:	109,147	88,097	67,296	46,246	20,856	75,177	56,673	37,324	67,506	48,156	28,806	20,633	20,633	43,656	78,071

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2.13 Contracts having future budgetary implication

In terms of the municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years).

2.14 Capital expenditure details

The following three tables present details of the municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

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Table 43: Table SA 34a - Capital expenditure on new assets by asset class

C451 Joe Morolong - Supporting Table SA34a Capital expenditure on new assets by set class

scription	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budg Year 2020/
pital expenditure on new assets by set Class/Sub-class										
rastructure		129,569	166,879	123,907	102,592	102,777	102,777	101,083	94,735	140,9
Roads Infrastructure		29,361	40,570	18,466	15,695	15,695	15,695	12,907	13,617	14,36
Roads		29,361	40,570	18,466	15,695	15,695	15,695	12,907	13,617	14,36
Road Structures										
Road Furniture										
Capital Spares										
S vater Infrastructure		–	–	–	–	–	–	–	–	–
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		–	–	–	–	–	–	–	–	–
Power Plants										
HV Substations										
HV Switching Station										
HV Transmission Conductors										
MV Substations										
MV Switching Stations										
MV Networks										
LV Networks										
Capital Spares										
Water Supply Infrastructure		80,822	109,290	90,826	69,781	70,016	70,016	72,815	64,913	109,4
Dams and Weirs										
Boreholes										
Reservoirs										
Pump Stations										
r Treatment Works										
Bulk Mains		80,822	109,290	90,631	69,631	69,866	69,866	72,615	64,702	109,1
Distribution										
Distribution Points										
PRV Stations										
Capital Spares				195	150	150	150	200	211	223
Sanitation Infrastructure		19,386	17,018	14,616	17,065	17,065	17,065	15,361	16,205	17,11
Pump Station										
Reticulation										
Waste Water Treatment Works										
Outfall Sewers										
Toilet Facilities		19,386	17,018	14,616	17,065	17,065	17,065	15,361	16,205	17,11
Capital Spares										
Solid Waste Infrastructure		–	–	–	50	–	–	–	–	–
Landfill Sites					50					
Waste Transfer Stations										
Waste Processing Facilities										
Waste Drop-off Points										
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares										

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Rail Infrastructure	–	–	–	–	–	–	–	–	–
Rail Lines									
Rail Structures									
Rail Furniture									
Drainage Collection									
Storm water Conveyance									
Attenuation									
MV Substations									
LV Networks									
Capital Spares									
Coastal Infrastructure	–	–	–	–	–	–	–	–	–
Sand Pumps									
Piers									
Revetments									
Promenades									
Capital Spares									
Information and Communication rastructure	–	–	–	–	–	–	–	–	–
Data Centres									
Layers									
Distribution Layers									
Capital Spares									
mmunity Assets	**617**	**1,491**	**7,072**	**5,000**	**5,300**	**5,300**	**4,447**	**3,165**	**3,339**
Community Facilities	617	1,491	7,072	5,000	5,300	5,300	4,447	3,165	3,339
Halls	617	1,491	7,072	4,000	3,000	3,000	3,000	3,165	3,339
Centres									
Crèches									
Clinics/Care Centres									
Fire/Ambulance Stations									
Testing Stations									
Museums									
Galleries									
Theatres									
Libraries									
Cemeteries/Crematoria				1,000	2,300	2,300	1,447		
Police									
Parks									
ic Open Space									
ature Reserves									
Public Ablution Facilities									
Markets									
Stalls									
Abattoirs									
Airports									
Taxi Ranks/Bus Terminals									
Capital Spares									
Sport and Recreation Facilities	–	–	–	–	–	–	–	–	–
Indoor Facilities									
Outdoor Facilities									
Capital Spares									
ritage assets	–	–	–	–	–	–	–	–	–
Monuments									
Historic Buildings									
Works of Art									
Conservation Areas									
Other Heritage									
restment properties	–	–	–	–	–	–	–	–	–

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Revenue Generating		–	–	–	–	–	–	–	–	–
Improved Property										
Unimproved Property										
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Improved Property										
Unimproved Property										
her assets		–	12,185	2,099	3,691	4,117	4,117	600	528	557
Operational Buildings		–	12,185	2,099	3,691	4,117	4,117	600	528	557
Municipal Offices			12,185	2,099	2,000	3,498	3,498	100		
Pay/Enquiry Points										
Building Plan Offices										
Workshops										
Yards					1,691	619	619	500	528	557
Stores										
Laboratories										
Training Centres										
Manufacturing Plant										
[illegible]ots										
[illegible]ital Spares										
Housing		–	–	–	–	–	–	–	–	–
Staff Housing										
Social Housing										
Capital Spares										
ological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets										
angible Assets		246	–	414	824	389	389	308	325	343
Servitudes										
Licences and Rights		246	–	414	824	389	389	308	325	343
Water Rights										
Effluent Licenses										
Solid Waste Licenses										
Computer Software and Applications		246	–	414	824	389	389	308	325	343
Load Settlement Software Applications										
Unspecified										
[illegible]r Equipment		(15)	156	–	490	715	715	837	1,254	1,635
Co[illegible]puter Equipment		(15)	156		490	715	715	837	1,254	1,635
rniture and Office Equipment		–	440	–	405	580	580	200	193	185
Furniture and Office Equipment			440		405	580	580	200	193	185
achinery and Equipment		–	–	–	1,062	512	512	210	211	223
Machinery and Equipment					1,062	512	512	210	211	223
ansport Assets		667	621	–	200	–	–	350	–	–
Transport Assets		667	621		200			350		
raries		–	–	–	–	–	–	–	–	–
Libraries										
o's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals										
tal Capital Expenditure on new assets	1	131,084	181,772	133,492	114,264	114,390	114,390	108,035	100,410	147,1[illegible]

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Table 44: Table SA 34b - Capital expenditure on renewal existing assets by asset class

NC451 Joe Morolong - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		–	–	–	–	–	–	12,500	12,500	25,000
Roads Infrastructure		–	–	–	–	–	–	–	–	–
Roads										
Road Structures										
Road Furniture										
Capital Spares										
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		–	–	–	–	–	–	–	–	–
Power Plants										
HV Substations										
HV Switching Station										
HV Transmission Conductors										
MV Substations										
MV Switching Stations										
MV Networks										
LV Networks										
Capital Spares										
Water Supply Infrastructure		–	–	–	–	–	–	12,500	12,500	25,000
Dams and Weirs										
Boreholes										
Reservoirs										
Pump Stations										
Water Treatment Works								12,500	12,500	25,000
Bulk Mains										
Distribution										
Distribution Points										
PRV Stations										
Capital Spares										
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Pump Station										
Reticulation										
Waste Water Treatment Works										
Outfall Sewers										
Toilet Facilities										
Capital Spares										

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Solid Waste Infrastructure	–	–	–	–	–	–	–	–	–
Landfill Sites									
Waste Transfer Stations									
Waste Processing Facilities									
Waste Drop-off Points									
Waste Separation Facilities									
Electricity Generation Facilities									
Capital Spares									
Rail Infrastructure	–	–	–	–	–	–	–	–	–
Rail Lines									
Rail Structures									
Rail Furniture									
Drainage Collection									
Storm water Conveyance									
Attenuation									
MV Substations									
LV Networks									
Capital Spares									
Coastal Infrastructure	–	–	–	–	–	–	–	–	–
Sand Pumps									
Piers									
Revetments									
Promenades									
Capital Spares									
Information and Communication Infrastructure	–	–	–	–	–	–	–	–	–
Data Centres									
Core Layers									
Distribution Layers									
Capital Spares									
Community Assets	–	–	–	–	–	–	–	–	–
Community Facilities	–	–	–	–	–	–	–	–	–
Halls									
Centres									
Crèches									
Clinics/Care Centres									
Fire/Ambulance Stations									
Testing Stations									
Museums									
Galleries									
Theatres									
Libraries									
Cemeteries/Crematoria									
Police									
Parks									
Public Open Space									
Nature Reserves									
Public Ablution Facilities									
Markets									
Stalls									
Abattoirs									
Airports									
Taxi Ranks/Bus Terminals									
Capital Spares									
Sport and Recreation Facilities	–	–	–	–	–	–	–	–	–
Indoor Facilities									

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Outdoor Facilities									
Capital Spares									
Heritage assets	–	–	–	–	–	–	–	–	–
Monuments									
Historic Buildings									
Works of Art									
Conservation Areas									
Other Heritage									
Investment properties	–	–	–	–	–	–	–	–	–
Revenue Generating	–	–	–	–	–	–	–	–	–
Improved Property									
Unimproved Property									
Non-revenue Generating	–	–	–	–	–	–	–	–	–
Improved Property									
Unimproved Property									
ıer assets	–	–	–	–	–	–	–	–	–
Operational Buildings	–	–	–	–	–	–	–	–	–
Municipal Offices									
Pay/Enquiry Points									
Building Plan Offices									
Workshops									
Yards									
Stores									
Laboratories									
Training Centres									
Manufacturing Plant									
Depots									
Capital Spares									
Housing	–	–	–	–	–	–	–	–	–
Staff Housing									
Social Housing									
Capital Spares									
Biological or Cultivated Assets	–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets									
Intangible Assets	–	–	–	–	–	–	–	–	–
Servitudes									
Licences and Rights	–	–	–	–	–	–	–	–	–
Water Rights									
Effluent Licenses									
Solid Waste Licenses									
Computer Software and Applications									
Load Settlement Software Applications									
Unspecified									
Computer Equipment	–	–	–	–	–	–	–	–	–
Computer Equipment									
Furniture and Office Equipment	–	–	–	–	–	–	–	–	–
Furniture and Office Equipment									
Machinery and Equipment	–	–	–	–	–	–	–	–	–

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Machinery and Equipment										
Transport Assets		–	–	–	–	–	–	–	–	–
Transport Assets										
Libraries		–	–	–	–	–	–	–	–	–
Libraries										
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals										
Total Capital Expenditure on renewal of existing assets	1	–	–	–	–	–	–	12,500	12,500	25,000
Renewal of Existing Assets as % of total capex		*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*10.3%*	*11.0%*	*14.4%*
Renewal of Existing Assets as % of deprecn"		*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*68.0%*	*53.4%*	*93.2%*

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Table 45: Table SA 34c – Repairs and maintenance expenditure by asset class

NC451 Joe Morolong - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		7,145	27,577	1,052	4,054	5,282	5,282	3,250	3,922	4,256
Roads Infrastructure		314	–	–	200	300	300	100	106	111
Roads		314			200	300	300	100	106	111
Road Structures										
Road Furniture										
Capital Spares										
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		–	189	189	492	492	492	100	600	750
Power Plants			189	189	492	492	492	100	600	750
HV Substations										
HV Switching Station										
HV Transmission Conductors										
MV Substations										
MV Switching Stations										
MV Networks										
LV Networks										
Capital Spares										
Water Supply Infrastructure		1,693	27,260	857	3,056	4,230	4,230	2,950	3,111	3,283
Dams and Weirs										
Boreholes				857						
Reservoirs										
Pump Stations										
Water Treatment Works					450	350	350	300	316	334
Bulk Mains		1,693	27,260		106	100	100	250	264	278
Distribution										
Distribution Points										
PRV Stations										
Capital Spares					2,500	3,780	3,780	2,400	2,532	2,671
Sanitation Infrastructure		84	129	6	106	90	90	50	53	56
Pump Station										
Reticulation										
Waste Water Treatment Works		84	129	6	106	90	90	50	53	56
Outfall Sewers										
Toilet Facilities										
Capital Spares										
Solid Waste Infrastructure		5,053	–	–	200	170	170	50	53	56
Landfill Sites		5,053			200	170	170	50	53	56

Waste Transfer Stations								
Waste Processing Facilities								
Waste Drop-off Points								
Waste Separation Facilities								
Electricity Generation Facilities								
Capital Spares								
Rail Infrastructure	–	–	–	–	–	–	–	–	–
Rail Lines								
Rail Structures								
Rail Furniture								
Drainage Collection								
Storm water Conveyance								
Attenuation								
MV Substations								
LV Networks								
Capital Spares								
Coastal Infrastructure	–	–	–	–	–	–	–	–	–
Sand Pumps								
Piers								
Revetments								
Promenades								
Capital Spares								
Information and Communication Infrastructure	–	–	–	–	–	–	–	–	–
Data Centres								
Core Layers								
Distribution Layers								
Capital Spares								
Community Assets	**2**	**918**	**0**	**500**	**485**	**485**	**440**	**464**	**490**
Community Facilities	1	917	–	350	455	455	290	306	323
Halls	1	917		150	150	150	130	137	145
Centres									
Crèches									
Clinics/Care Centres									
Fire/Ambulance Stations				50	50	50	60	63	67
Testing Stations									
Museums									
Galleries									
Theatres									
Libraries									
Cemeteries/Crematoria									
Police									
Parks									
Public Open Space									
Nature Reserves				150	255	255	100	106	111
Public Ablution Facilities									
Markets									
Stalls									
Abattoirs									
Airports									
Taxi Ranks/Bus Terminals									
Capital Spares									

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Sport and Recreation Facilities	0	1	0	150	30	30	150	158	167
Indoor Facilities									
Outdoor Facilities	0	1	0	150	30	30	150	158	167
Capital Spares									
	1	1	1	1	1	1	1	1	1
Heritage assets	–	–	–	–	–	–	–	–	–
Monuments									
Historic Buildings									
Works of Art									
Conservation Areas									
Other Heritage									
	–	–	–	–	–	–	–	–	–
Investment properties									
Revenue Generating	–	–	–	–	–	–	–	–	–
Improved Property									
Unimproved Property									
Non-revenue Generating	–	–	–	–	–	–	–	–	–
Improved Property									
Unimproved Property									
	3,310	**1,731**	**132**	**350**	**472**	**472**	**351**	**370**	**390**
Other assets									
Operational Buildings	3,310	1,731	132	350	472	472	351	370	390
Municipal Offices	3,310	1,731	132	350	450	450	331	349	368
Pay/Enquiry Points									
Building Plan Offices									
Workshops									
Yards					22	22	20	21	22
Stores									
Laboratories									
Training Centres									
Manufacturing Plant									
Depots									
Capital Spares									
Housing	–	–	–	–	–	–	–	–	–
Staff Housing									
Social Housing									
Capital Spares									
	–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets									
Biological or Cultivated Assets									
	110	207	–	–	–	–	–	–	–
Intangible Assets									
Servitudes									
Licences and Rights	110	207	–	–	–	–	–	–	–
Water Rights									
Effluent Licenses									
Solid Waste Licenses									
Computer Software and Applications	110	207							
Load Settlement Software Applications									
Unspecified									
	–	–	–	100	100	100	50	53	56
Computer Equipment									
Computer Equipment				100	100	100	50	53	56

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Furniture and Office Equipment		27	–	–	–	–	–	–	–	–
Furniture and Office Equipment		27								
Machinery and Equipment		–	–	–	–	–	–	–	–	–
Machinery and Equipment										
Transport Assets		656	182	–	200	308	308	400	422	445
Transport Assets		656	182		200	308	308	400	422	445
Libraries		–	–	–	–	–	–	–	–	–
Libraries										
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals										
Total Repairs and Maintenance Expenditure	1	**11,248**	**30,615**	**1,185**	**5,204**	**6,647**	**6,647**	**4,491**	**5,231**	**5,637**
&M as a % of PPE		*0.9%*	*1.8%*	*0.1%*	*0.3%*	*0.4%*	*0.4%*	*0.0%*	*0.3%*	*0.3%*
R&M as % Operating Expenditure		*12.5%*	*12.4%*	*0.6%*	*3.2%*	*3.8%*	*3.8%*	*0.0%*	*2.9%*	*2.9%*

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Table 46: Table SA 36 – Detailed capital budget per municipal vote

NC451 Joe Morolong - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes	2018/19 Medium Term Revenue & Expenditure Framework	Project information				
R thousand	4				6	3	3	5		Audited Outcome 2016/17	Current Year 2017/18 Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Ward location	New or renewal
Parent municipality: *List all capital projects grouped by Municipal Vote*																
WATER UNIT		**MAHUKUBUNG WATER PROJECT**			Yes	*Water Supply Infrastructure*	*Bulk Mains*					9,505,000				
WATER UNIT		MAKHUBUNG WATER PROJECT			Yes	*Water Supply Infrastructure*	*Bulk Mains*					7,957,000				
WATER UNIT		PERTH WATER PROJECT			Yes	*Water Supply Infrastructure*	*Bulk Mains*					10,154,000				
WATER UNIT		LOTLHAKAJANEG WATER PROJECT			Yes	*Water Supply Infrastructure*	*Bulk Mains*					12,499,000				
WATER UNIT		DEURWARD WATER PROJECCT			Yes	*Water Supply Infrastructure*	*Bulk Mains*					10,699,000				
WATER UNIT		KOKFONTEIN WATER PROJECT			Yes	*Water Supply Infrastructure*	*Bulk Mains*					7,150,000				
WATER UNIT		MMAMEBE WATER PROJECT			Yes	*Water Supply Infrastructure*	*Bulk Mains*					3,652,000				
WATER UNIT		DITHAKONG WATER PROJECT			Yes	*Water Supply Infrastructure*	*Bulk Mains*					11,000,000				

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WATER UNIT		WATER PROJECT			Yes	Water Supply Infrastructure	Bulk Mains					70,246,554.50		64,702,000	109,198,000			
WATER UNIT		LOGOBATE WATER REFURBISHMENT			Yes	Water Supply Infrastructure	Water Treatment Works						2,834,000					
WATER UNIT		BOTHETHELETSA WATER REFURBISHMENT			Yes	Water Supply Infrastructure	Water Treatment Works						2,522,000					
WATER UNIT		GOODHOPE WATER REFURBISHMENT			Yes	Water Supply Infrastructure	Water Treatment Works						1,284,000					
WATER UNIT		VANZYL RUS WATER REFURBISHMENT			Yes	Water Supply Infrastructure	Water Treatment Works						5,860,000					
WATER UNIT		WATER REFURBISHMENT			Yes	Water Supply Infrastructure	Water Treatment Works					15,695,445.50		12,500,000	25,000,000			
ROADS UNIT		GAMAKGATLE ROADS PROJECT			Yes	Roads Infrastructure	Roads						6,000,000					
ROADS UNIT		CHURCHILL/ESPERENZA PHASE 4 ROADS PROJECT			Yes	Roads Infrastructure	Roads						5,000,000					
ROADS UNIT		MAKHUBUNG PHASE 5 ROADS PROJECT			Yes	Roads Infrastructure	Roads						4,361,000					
ROADS UNIT		ROADS PROJECT			Yes	Roads Infrastructure	Roads					17,065,000.00		13,617,000	14,366,000			
COMMUNITY SERVICES		WINDGATE SANITATION PROJECTS			Yes	Sanitation Infrastructure	Toilet Facilities						4,302,000					
COMMUNITY SERVICES		DITHAKONG SANITATION PROJECTS			Yes	Sanitation Infrastructure	Toilet Facilities						4,302,000					
COMMUNITY SERVICES		TRAFFIC					Municipal Offices					3,497,746.00						
COMMUNITY SERVICES		KANANA SANITATION PROJECTS			Yes	Sanitation Infrastructure	Toilet Facilities						4,302,000					
COMMUNITY SERVICES		SANITATION PROJECTS			Yes	Sanitation Infrastructure	Toilet Facilities							16,205,000	17,115,000			
CORPORATE SERVICES		BUILDING			Yes	Operational Buildings	Municipal Offices						100000	–	–			
PLANNING & DEVELOPMENT		CEMETRIES			Yes	Community Facilities	Cemeteries/Crematoria					2,300,000.00	1,447,000	–	–			
CORPORATE SERVICES		COMPUTERS & PRINTERS			Yes	Computer Equipment	Computer Software and Applications					682,095.00	836,959	1,253,750	1,634,889			
CORPORATE SERVICES		MUNICIPAL FENCING			Yes	Operational Buildings	Municipal Offices					691,400.00	500000	527500	556512.5			
COMMUNITY SERVICES		LAWNMOWER			Yes	Machinery and Equipment	Municipal Offices						350000	–	–			

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COMMUNITY SERVICES		HALLS			Yes	*Community Facilities*	*Halls*				3,000,000.00	3,000,000	3,165,000	3,339,075		
CORPORATE SERVICES		CAMERA			Yes	*Furniture and Office Equipment*	*Computer Software and Applications*				33,000.00					
CORPORATE SERVICES		SERVER			Yes	*Furniture and Office Equipment*	*Computer Software and Applications*				175,332.00					
CORPORATE SERVICES		TELECOMMUNICATION				*Furniture and Office Equipment*	*Computer Software and Applications*				500,000.00					
CORPORATE SERVICES		OFFICE FURNITURE			Yes	*Furniture and Office Equipment*	*Computer Software and Applications*				202,000.00	200000	193490.24	185344.24		
CORPORATE SERVICES		OFFICE EQUIPMENT			Yes	*Furniture and Office Equipment*	*Improved Property*				214,500.00	160000	158250	166953.75		
WATER UNIT		PVC TANKS (RENEWAL)			Yes	*Water Supply Infrastructure*	*Water Treatment Works*				150,000.00	200000	211000	222605		
CORPORATE SERVICES		SOFTWARES			Yes	*Licences and Rights*	*Computer Software and Applications*				160,000.00	307800	324729	342589.095		
CORPORATE SERVICES		WATER DISPENSER			Yes	*Furniture and Office Equipment*						50000	53000	56000		
Parent Capital expenditure	1									–	–	**114,613**	**120,535**	**112,911**	**172,183**	
Entities: *List all capital projects grouped by Entity*																
Entity A Water project A																
Entity B Electricity project B																
Entity Capital expenditure											–	–	–	–	–	
Total Capital expenditure											–	**114,613**	**120,535**	**112,911**	**172,183**	

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2.14 Legislation Compliance Status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting

   Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the municipality's website.

2. Internship programme

   The municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Budget & Treasury Office. Since the introduction of the Internship programme the municipality has successfully employed 9 of the 22 interns trained. During the internship programme, 5 interns and a majority of those who completed the programme were appointed in different departments and municipalities.

3. Budget and Treasury Office

   The Budget and Treasury Office has been established in accordance with the MFMA.

4. Audit Committee

   The municipality has established its own Internal Audit Unit. The structure was developed, costed and approved by Council.

5. Service Delivery and Implementation Plan

   The detailed SDBIP document is at a draft stage and will be finalised after approval of the 2018/19 MTREF in May 2018 directly aligned and informed by the 2018/19 MTREF.

6. Annual Report

   Annual report is compiled in terms of the MFMA and National Treasury requirements.

2.15 Municipal Manager's Quality Certificate

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NC 451

QUALITY CERTIFICATE

I, Tebogo Tlhoaele, Municipal Manager of JOE MOROLONG LOCAL MUNICIPALITY, hereby certify that the Annual Budget and Supporting Documentation have been prepared In accordance with the Municipal Finance Management Act;(Act 56 of 2003) and regulations made under the act and that the Annual Budget are consistent with the Integrated Development Plan of the municipality.

PRINT NAME: TEBOGO T LHOAELE

Municipal Manager of JOE MOROLONG LOCAL MUNICIPALITY (NC 451)

Signature: .....

Date : 31/05/2018

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